

**AGENDA**

This meeting will be recorded and the video archive published on our website

**Corporate Policy and Resources Committee**

Thursday, 12th May, 2016 at 6.30 pm

Council Chamber - The Guildhall, Marshall's Yard, Gainsborough, DN21 2NA

**Members:**

Councillor Jeff Summers (Chairman)  
Councillor Mrs Anne Welburn (Vice-Chairman)  
Councillor Owen Bierley  
Councillor Matthew Boles  
Councillor Alexander Bridgwood  
Councillor David Cotton  
Councillor Michael Devine  
Councillor Adam Duguid  
Councillor Ian Fleetwood  
Councillor John McNeill  
Councillor Tom Regis  
Councillor Steve England  
Councillor Reg Shore

**1. Public Participation**

**2. Minutes of Previous Meeting**

To confirm as a correct record the Minutes of the previous meeting.

**3. Declarations of Interest**

Members may make declarations of Interest at this point or may make them at any point in the meeting.

**4. Public Reports**

- a) Budget and Treasury Management Monitoring Report - (PAGES 1 - 58)  
Period 4
- b) Commercial Property Portfolio (PAGES 59 -

- c)** Progress and Delivery - Services - Period 4 82)  
(PAGES 83 - 106)
  - d)** Progress and Delivery - Projects - Period 4 (PAGES 107 - 112)
  - e)** Committee Workplan
- To consider the Committee's work plan (PAGES 113 - 114)

M Gill  
Chief Executive  
The Guildhall  
Gainsborough

Wednesday, 4 May 2016



CPR.50 15/16
Corporate Policy & Resources Committee
11 February 2016

**Subject: Progress and Delivery Report – Services – 3<sup>rd</sup> Period Report – December 2015**

Report by:

Director of Resources

Contact Officer:

Ian Knowles – Director of Resources

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Purpose / Summary:

This report deals with the progress and delivery of the services the council provides. It is an “exceptions” report and will deal with those services which are either performing above the required level or are below the target set for them. The report will also update members on those areas which were included in the first quarter report and have subsequently improved and therefore are not included in this report.

**RECOMMENDATION(S):**

- 1) That the Committee examine the report and assure themselves that the arrangements in place to oversee Services across the Council are effective.

**IMPLICATIONS**

**Legal:** None arising from this report

**Financial :** FINREF 124-16

**Staffing :** None arising from this report

**Equality and Diversity including Human Rights:** None arising from this report.

**Risk Assessment :** None arising from this report

**Climate Related Risks and Opportunities :** None arising from this report

**Title and Location of any Background Papers used in the preparation of this report:**

**Call in and Urgency:**

**Is the decision one which Rule 14 of the Scrutiny Procedure Rules apply?**

**Yes**

**No**

**Key Decision:**

**Yes**

**No**

## **1.0 Background**

- 1.1 Councillors have received progress and delivery reports since 2012. They have sought to give councillors information on how the council is performing through its services, project delivery and finances. This has given councillors the opportunities to question officers on performance and ensure that any rectification measures proposed to remedy poor performance are sufficient to tackle the issues identified.
- 1.2 This report is about the services the council is delivering in order to meet the objectives it has set itself in the corporate plan.
- 1.3 For clarity this report will provide information on those services that are either performing below their target level or have exceeded the performance expected of them. This will be done within certain tolerance levels therefore services which are just below their target performance will not be reported at this stage, but will be monitoring through the council's services leadership team. Generally explanations and rectifications are given where an aspect of a service is performing below the required standard.
- 1.4 In addition the report will contain information on services which were included in the last period's exceptions report, but have subsequently improved to the extent that they are not included in this report. This is to demonstrate to members that remedial measures which have been put in place are working.

## **2.0 Update on Issues highlighted in the Second Quarter report**

- 2.1 **Complaints received**  
Complaints are still more than double the target. Over a quarter of complaints continue to be around the planning services which stand at 34 of the 120 complaints received as at the end of December 2015. The intervention over the last three months is expected to reduce the number of complaints received as our reputation in this area improves.
- 2.2 **Gainsborough Markets**  
The performance of the markets continues to be a concern. A strategic paper is in the pipeline and will consider the positioning of markets as part of the Gainsborough Growth plans.
- 2.3 **Local Land Charges**  
This is an area that continues to cause concern and is one of our lowest resilient areas. We have introduced additional resource into this area and are currently considering proposals that would provide a greater level of resilience. We believe the current level of resource should enable us to achieve the target of under ten days turn around for the remainder of this year however we continue to develop a more sustainable position.

A recent Internal Audit report has given this service area a low level of assurance which was expected and will form the basis from which to improve.

#### 2.4 Development Management

Members will be aware that in October a peer review was undertaken of this area of the Authority. Member briefings were held following that activity and the action plan developed as a result continues to be implemented. A key issue in this respect will be ensuring that any improvement is reflected in our reputation in the sector. It is notable that the target for major applications of 50% 'within time; is currently being exceeded by achieving 82% however minor and other applications continue to underperform against target.

#### 2.5 Waste Collections

Whilst this measure is not reflected in the appendix to this report as it is now on target, it was an underperforming measure in the first half of the year. I am pleased to say that it is now back on track achieving 92% against a target of 90%.

#### 2.6 Enforcement

Whilst the number of enforcement request are below target at the moment the closure of longstanding cases has impacted on the time for resolution. Housing enforcement has reduced from a high of 109 days in September to 77 days (target 60) at the end of quarter three, a downward trend we expect to continue.

Planning enforcement has reached what we see as high for the year at 127 days caused by the closure of some long standing cases dependent on planning permission in some instances. The focus on priority cases continues and we anticipate this measure to reduce over the final quarter.

#### 2.7 Home Choice

This cost of temporary accommodation continues to be significantly below our target and is expected to be underspent by the year end. This service is also subject to re-configuration for next financial a year and is expected to continue at a lower cost.

However the number of applicants rehoused from the housing register continues to have difficulties with the housing providers accepting applicants and delays in updating registers.

### **3.0 Measures to highlight for this quarter not already mentioned**

#### 3.1 Healthy District

This service area continues to provide a positive outcome for the Council. The customer satisfaction and per head cost are both extremely favourable with costs continuing at around the £1 mark compared to a target of £1.20. However the usage figures for the

Leisure Centre continue to be challenging, whilst Trinity Arts Centre continues to perform ahead of its cumulative targets.

The Health Trainer team which was recruited during in quarter 2 have begun their work and are setting up plans for residents that require between 8 and 10 weeks. Whilst the measure that reflects the number of completed programmes shows as red, this will increase as the initiative gains momentum. It is notable that 72% of clients are based in our priority neighbourhoods.

### 3.2 Licensing

The licensing service continues to deliver 100% of applications within the agreed SLA deadlines, whilst income runs slightly under target due to the reduction in taxi applications being greater than anticipated.

This service area has seen a number of changes over the past year through policy reviews related to the Gambling Act 2005 and the licencing Act 2003. There has also been an exercise to ensure we have sufficient regard to safeguarding concerns within our policies relating to Taxi Licencing.

## 4.0 Highlights from the on target areas

- 4.1 Whilst this is an exception report which deals primarily with under or over performing measures, we would like to provide members with a flavour of activity currently ongoing in those areas which are on target and delivering as anticipated.
- 4.2 The Revenue and Benefit services has undertaken two reviews during the last quarter which will yield additional income in excess of £120k. In addition the team have handled the introduction of Universal Credit for single people over the last quarter which has gone smoothly.
- 4.3 Localism has delivered 4528 volunteer hours and over £1m in external funding.
- 4.4 The IT service continues to deliver high availability of systems in excess of 98% for year to date achieving 100% for a six month period and our website continues to be assessed as a three star site out of a possible four ahead of many of our near neighbours.
- 4.5 Member and support services continues to provide outstanding service whilst supporting members in the democracy review, handling increased standards complaints from Parish Councils, maintaining FOI responses at 100% of expected standards and designing new operating systems for conferencing and committee administration.
- 4.6 The spatial planning team continues to drive forward on the central Lincolnshire Local Plan and the Greater Gainsborough Housing Zone programme with support from HCA and the government's planning team ATLAS.

- 4.7 Operational services continue to deliver on target across its range of measures. There are issues with regards recycling that may impact on West Lindsey recycling rates in the coming months and years. All districts are experiencing increased levels of contamination as a result of more in-depth sampling procedures at the alternative facilities currently being used by LCC. We have been unable to report on the recycling targets as we are awaiting data from LCC.



Service	Baseline	Target	Actual	Explanation	Rectification
<b>Building Control</b>					
Cost of delivering the Building Control service  <b>(R)</b>	£82,164	£4,977	10543	Loss of market share to competitors reducing fee income.	Marketing campaign to promote the value of local authority building control.
Cost of delivering the Building Control service per head of population  <b>(R)</b>		£0.06	0.118	Loss of market share to competitors reducing fee income.	Marketing campaign to promote the value of LABC. The aim is to deliver a surplus across the range of service building control can offer and new measures will be built into 2015/16 report.
Total income received  <b>(R)</b>		£162,450	131937	Loss of market share to competitors and profiling of work (although still higher than the 2014/15 baseline)	Marketing campaign to promote the value of local authority building control.
<b>Benefits</b>					
End to End processing times for Housing benefit and Council Tax Support (mean)  <b>(R)</b>	N/A	6	9.0	Seasonal amount of New Claims and Changes received and reduction in processing hours due to seasonality	Should return to acceptable levels in Jan/Feb

Service	Baseline	Target	Actual	Explanation	Rectification
Volume of claims older than 30 days  <b>(R)</b>	391	30	41	Availability of Customer to provide information and seasonal effect on processing hours affects this figure	should return to tolerance range early in the New Year
<b>Corporate</b>					
Complaints  <b>(R)</b>	95	54	120	Of the 120 complaints received 34 are within planning services	Work underway via planning improvement plan to review the whole service
Compliments  <b>(G)</b>	155	135	126		Email reminder sent out to staff to log compliments
Percentage of demand received through self-serve  <b>(R)</b>		90	31%		Customer First Strategy and Channel optimisation being developed
Percentage of calls answered  <b>(G)</b>		85	92%		
Staff Absenteeism  <b>(G)</b>	8.13 days per FTE	0.625	0.37		

Service	Baseline	Target	Actual	Explanation	Rectification
<b>Council Tax</b>					
Cost of delivering the Council Tax service  (G)	£260,757.88	£182,331	10,034.63	Summons costs of £35,679 now posted which has resulted in the cost of the service reducing for this month only	
NNDR in year collection rate  (G)	99.17%	85%	87.42%		
<b>Democratic Services</b>					
Total cost of member and support services  (R)	£611,010	£495,000	£539,347	Profiling issues, maternity costs and temporary post	Profiling will be resolved at year end, arrangements with HR to fund temporary post
Total cost of member and support services per member  (R)		£1,528	£1,724	Profiling issues, maternity leave and temporary post	Profiling issues will be resolved at year end and funds in place for temporary post

Service	Baseline	Target	Actual	Explanation	Rectification
<b>Economic Development</b>					
Cost of providing the Economic Development service  (G)	£258,070	£272,853	24915		
<b>Enforcement</b>					
Housing enforcement requests received  (G)	116	90	74		
Planning enforcement requests received  (G)	267	198	185		
Time taken to resolve a housing enforcement request  (R)		60	77	Improvement from the 109 days for Sept 15	Expect to see continuous reduction

Service	Baseline	Target	Actual	Explanation	Rectification
Time taken to resolve a planning enforcement request  <b>(R)</b>		90	127	A number of long standing cases closed in the period	We should see improvement by the year end.
<b>Environmental Protection</b>					
Cost of delivering the Environmental Protection service  <b>(G)</b>	£94361.92	£71,928	70799.38	This is on target therefore no comments needed.	
Received services requests  <b>(R)</b>		990	1127		
Nuisance complaints completed within timescales  <b>(G)</b>	N/A	95%	100		

Service	Baseline	Target	Actual	Explanation	Rectification
<b>Food Safety</b>					
Percentage of registered food premises receiving a pro-active inspection  <b>(R)</b>	105%	96%	88%	The number of inspections in December is always lower than other months due to Christmas period. As with previous months we have also had some more complex cases to deal with.	All office aware of inspections required. Also re-profile for next year to take into account that December will have fewer inspections.
<b>Home Choices</b>					
Cost of temporary accommodation  <b>(G)</b>	38710.79	£35,703	14413.62	There was a spike in costs at the end of the last financial year upon which the costs were based. This year costs have come down to a more normal level	None necessary
Number of applicants rehoused per year from the housing register  <b>(R)</b>	354	333	233	The figures are dependent upon how many properties are made available/advertised and ready to let. Difficulties with housing providers accepting applicants. Delays in updating registers and no new builds so far this year.	We are working with our housing provider partners to ensure that we maximise the use of the stock available to house those in housing need.

Service	Baseline	Target	Actual	Explanation	Rectification
<b>Healthy District</b>					
Customer Satisfaction of leisure facilities & activities  <b>(G)</b>	N/A	80%	97%	Customer satisfaction remains high across all three sites	
Cost of Leisure Management fee per service user  <b>(G)</b>	N/A	£1.20	£1.03	Good usage numbers and reduced management fee providing value for money	
West Lindsey leisure facilities usage  <b>(R)</b>	324,878	246753	227,917	December is a low usage month historically. It is proving difficult to maintain % increase on last year which included spike in usage due to refurbishment	
Percentage of Client Support programmes that are completed  <b>(R)</b>		70%	57%	Health Trainer team performing well and attracting new clients which all need individual plans of between 8 and 10 weeks	

Service	Baseline	Target	Actual	Explanation	Rectification
<b>Housing</b>					
The average spend per DFG <b>(R)</b>		£3500	4319	2 large, complex grant payments made in this period	No action needed
Total spend on completed disabled facilities grants <b>(R)</b>	£441,055.05	252747	207850	All grant will be spent in year.	
<b>ICT</b>					
Incident & Problem Management <b>(G)</b>		85%	97.06		
Change Management <b>(G)</b>		50%	85.19		
Service and System availability <b>(G)</b>		98%	99.97		



Service	Baseline	Target	Actual	Explanation	Rectification
Service and System availability: Secure Network  (G)		98%	99.94		
<b>Local Land Charges</b>					
Total income received  (G)		£93,753	£104,022		
Market Share  (R)	N/A	70%	N/A	Slight increase in Personal Searches as a result of slow turnaround times from WLDC although not as badly affected as anticipated.	Continue to improve the performance of the LCC service so it is competitive with the private search companies.
<b>Licensing</b>					
Percentage of licensing applications processed within the SLA  (G)	N/A	100%	100%	Target achieved	N/A

Service	Baseline	Target	Actual	Explanation	Rectification
<b>Localism and Community Safety</b>					
Cost of delivering the localism/community safety service per head of population  (G)	-489,725	£0.47	£0.38	As above	
Investigated community safety reports  (G)	118	1026	47		
<b>Markets</b>					
Total cost of delivering the service  (R)		69795	£76,140	Includes £5,776 expenditure cost for depreciation Plus additional costs for stall erection for 3 events held in November	continue to look for efficiencies and savings through consideration of options appraisal for a sustainable market
The number of stalls on a Tuesday  (R)	68	594	545.8	Cancelled market and poor weather conditions - traders and shoppers deterred	Incentives offered for Traders to encourage attendance and retention of existing Traders and to attract new Traders

Service	Baseline	Target	Actual	Explanation	Rectification
The number of stalls on a Saturday  (R)	25	270	191.6	Cancelled market and poor weather conditions in December - deterred traders and shoppers	Promotion and marketing. Incentives to be offered to retain existing Traders and to attract new Traders
<b>Planning</b>					
Cost of delivering the Planning service  (R)		-£189,972	-£112,400	The volume of high fee earning/complex planning applications received by the council has been maintained during the year. Therefore the fees received for processing planning applications is being maintained. Whilst this service is making a positive contribution the council financially the type of application is continuing to put pressure on other areas of performance.	Major improvement programme is underway in the service.
Cost of delivering the Planning service per head of population  (R)		-£0.24	0.142		
Percentage of appeals that are allowed  (R)	N/A	20%	75%	Four appeals received with 3 upheld	

<b>Service</b>	<b>Baseline</b>	<b>Target</b>	<b>Actual</b>	<b>Explanation</b>	<b>Rectification</b>
Invalidity rate <b>(R)</b>		20%	75%	Levels of invalids are decreasing however not in alignment with the target.	On-going work to identify the reasons for receiving invalids with the redesign of service delivery
Percentage of minors determined within gov guidelines <b>(R)</b>	N/A	65%	56%	The backlog is continuing to have an impact on performance as we clear old applications. Plus the satisfaction survey has highlighted that service provision isn't aligned to customer needs.	Ongoing clearing of the backlog and a redesign of service delivery models
Percentage of others determined within gov guidelines <b>(R)</b>	N/A	80%	72%	Performance has improved however further work is required to enhance performance. The clearing of the backlog has also had a detrimental effect on performance.	On-going clearing of backlog and a redesign of service delivery to align to customer requirements
<b>Street Cleansing</b>					
Complaints <b>(G)</b>		9	2	Performance ahead of target mainly due to well-motivated, well trained workforce. Absence levels low so few issues with replacement staff who possess less knowledge	
Compliments <b>(G)</b>		9	10		

Service	Baseline	Target	Actual	Explanation	Rectification
Income generation (G)		£36,000	39332	Additional mechanical sweeping requests during wet weather	
<b>Systems Development</b>					
LLPG Standard (G)		Achieve National Standard	Silver (2 above ANS)		
Website Availability (G)		98%	100		
<b>Trinity Arts Centre</b>					
Cost of delivering the Trinity Arts Centre (G)	N/A	£60,003	£55,802	Month to month fluctuations. Cumulative figure well within tolerance levels	
Cost of Trinity Arts Centre per user (G)	N/A	£7.07	£5.57	Cost up in line with additional Winter costs but well within tolerance levels	

<b>Service</b>	<b>Baseline</b>	<b>Target</b>	<b>Actual</b>	<b>Explanation</b>	<b>Rectification</b>
Received surplus (G)		£27,000	£36,228	Received surplus up 100% on last year for the month. Shows being booked on profitable terms and hires	
Audience Figures (G)	15,051	7200	12399	Good audience numbers at events	
Event occupancy (G)	N/A	50%	59%	Good audience numbers in line with seasonal trends	



**CPR.52 15/16**

**Corporate Policy and Resources  
Committee**

**11 February 2016**

**Subject: Budget and Treasury Management Monitoring – Quarter 3 2015/16**

Report by:

Financial Services Manager (Deputy S151)  
Tracey Bircumshaw

Contact Officer:

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Purpose / Summary:

This report sets out the revenue, capital and treasury management activity during the period 3 April to 31 December 2015.

**RECOMMENDATION(S):**

- a) **That Members accept the forecast out-turn position as at 31 December 2015. (1.1)**
- b) **Members note the use of Earmarked Reserves approved by the Director of Resources using Delegated Powers. (2.1)**
- c) **Members approve the amendments to the Capital and Revenue budget, including creating budgets for projects funded by grants and not included in the original budget.**
- d) **That Members approve the Capital budget carry forwards of £1,337k. (5.1)**
- e) **That Members accept the Treasury Management Report and Treasury position for the nine months to 31 December 2015.**

## IMPLICATIONS

**Legal:** None arising as a result of this report.

### Financial FIN/113/16

The revenue forecast out-turn position for 2015/16 is estimated to be a surplus of £797k at 31 December 2015. Of this balance £121k has been identified as carry forward requests which will be subject to future approval. Work will continue throughout the year to monitor the situation and to identify ongoing impacts on the Medium Term Financial Plan as part of the Budget Process.

The Capital forecast out-turn position for 2015/16 is estimated to be £2,495k and reflects a surplus variance of £2,101k against the revised budget. Of this balance £1,337k has been requested as carry forwards into next year. A review of further carry forwards will be undertaken throughout the year prior to financing the final out-turn position.

The Treasury Management activities during the reporting period are disclosed in the body of this report.

There have been no breaches of Treasury or Prudential Indicators to report and we again out-perform our benchmark in relation to investment yields.

**Staffing:** None arising as a result of this report.

**Equality and Diversity including Human Rights:** None arising as a result of this report.

**Risk Assessment:** This is a monitoring report only.

**Climate Related Risks and Opportunities:** This is a monitoring report only.

**Title and Location of any Background Papers used in the preparation of this report:**

**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

**Key Decision:**

A matter which affects two or more wards, or has significant financial implications

Yes

No



## Executive Summary

### 1. Revenue Budget Monitoring – Forecast out turn for 2015/16

- 1.1 The forecast Revenue Budget out turn for the 2015/16 financial year is a surplus position of £797k, (£438k previous quarter forecast). The significant variances are;

EXPENDITURE	€000	Direction of Travel
<b>BUDGET UNDERSPENDS</b>		
Salary savings.	-£81	↓
Saving on lease for Beaumont Street car park.	-£21	↔
Homelessness- demand led service, predicting an underspend based on current activity.	-£30	↑
Base budget review after actual outturn savings.	-£80	↔
Business case development.	-£67	↔
Corporate Training.	-£50	↑
Members Costs - IT purchases and training.	-£16	↑
<b>PRESSURES</b>		
Pressure due to essential maintenance at the Leisure Centre.	£10	↓
Increase in buildings insured due to purchases.	£12	↔
Pressure for ill health insurance.	£15	↔
Housing Benefits pressure on postage £12k.	£12	↓
	<b>-£296</b>	

INCOME	€000	Direction of Travel
<b>WINDFALL INCOME/NEW GRANTS</b>		
DCLG - New Burdens grant for Land Charges legal claims.	-£90	↑
Legal shared services refund.	-£21	↔
Unexpected dividend received from Heritable.	-£80	↔
Flood grant relating to spend funded from reserves during 14/15.	-£10	↑
<b>BUDGETED INCOME EXCEEDED</b>		
NNDR Retention due to WLDC - November Forecast.	-£29	↔
Development Control - Increased number of major applications.	-£130	↓
Guildhall Rents - additional income arising from new tenants and including NNDR and service charges in contracts.	-£20	↑
Increased income from season tickets in car parks.	-£12	↑
Trinity Arts Centre - increased sales.	-£27	↑
<b>BUDGETED INCOME NOT ACHIEVED</b>		
Building Control - reduced market activity in development sector and increased private sector competition, unachieved	£15	↔
Taxi Licence income - reduction in number of applications partly due to	£15	↔
Trade Waste - reduction in forecast income due to delay in charging schools.	£10	↑
Reduction in market stallage fee income due to cancelled markets and lower stall numbers.	£15	↔
	<b>-£364</b>	

- 1.2 Included in the balance above is £121k which has been identified as carry forward requests which will be subject to approval in a future report when the final balances are confirmed.

## **2. Use and Contribution to Reserves**

2.1 The Director of Resources has used delegated powers to approve the use of earmarked reserves under £50,000, totalling £60.5k;

- £8.5k - to fund consultancy services in respect of Gainsborough Investment Plan work – from Outcomes & Outputs of Gainsborough Masterplan reserve.
- £11k – to fund Trinity Street improvements (stage 1) – from Outcomes & Outputs of Gainsborough Masterplan reserve.
- £41k – to cover the cost of agency Commercial Accountant from the Property Asset Fund reserve. This funding was approved as part of the Land and Property investment Programme.

## **3. Grants**

As at 1<sup>st</sup> April 2015 we have an amount of £436k relating to grants received which have yet to be expended. Budget provision will be created throughout the financial year as required to deliver projects in accordance with grant terms.

### **3.1 Successful Grant Bids**

- £10k – Prevent duty funding from the Home Office.
- £61.9k – Universal credit funding from the DWP to continue the universal credit scheme after a successful pilot period.
- £165k – from Housing Zone and Homes and Community agency to be spent £55k pa over 3 years from 2016/17 – contributing towards the cost of the Spatial Planning Team.

## **4. Exceptional Items**

A planning appeal against the Council in relation to Saxilby has resulted in costs of £75k during 2015/16. A pending appeal for Bardney is anticipated to have a similar outcome.

## **5. Capital Budget Monitoring - Forecast out turn for 2015/16**

5.1 The capital programme forecast spend for the year is £2,495k, which is a variance against revised budget of £2,101k.

Of this £1,337k is requested to be carried forward and represents slippage on the following schemes. Further narrative is included in the Capital Monitoring table at 11.

£200k	- Capital Enhancements to Council Owned Assets
£955.9k	- Land and Property Investment
£51k	- Civic Enhancements
£130.1k	- Strategic Housing-Empty Homes

## **6. Treasury Management Update – Forecast Out Turn for 2015/16**

There have been no breaches of Prudential Indicators.

Interest received has been in excess of the 7 day libid benchmark (0.36%) with an average yield of 1.14%

## **7. INTRODUCTION**

- 7.1 This is the third in a series of reports for the financial year 2015/16 that gives Members information on differences between the approved budgets and forecast outturn income and expenditure for the year ended 31 March 2016. The financial information has been presented in an income and expenditure layout.
- 7.2 The capital programme is presented within the body of the report.
- 7.3 Compared to the approved budget for 2015/16 the Council's forecast outturn revenue position as at 31<sup>st</sup> December 2015 is a surplus of £797k.

## 8. REVENUE OUT-TURN (April 2015 to December 2015)

8.1 The forecast revenue out-turn as at 31 December 2015 income and expenditure variances are shown in the table below.

Revenue Budget Monitoring December 2015	2015/16 Original Budget	2015/16 Revised Budget	2015/16 Budget Profile to 31 December	2015/16 Actual to 31 December	2015/16 Variance to Budget	2015/16 Forecast Outturn	2015/16 Outturn Variance
	£	£	£	£	£	£	£
<b>Income</b>							
Government Grants	(23,090,600)	0	0	0	0	0	0
Service Specific Government Grants	(644,400)	(23,866,800)	(17,273,897)	(18,202,186)	(928,289)	(23,953,040)	(86,240)
Other Grants and Contributions	(7,000)	(7,000)	(5,251)	(30,150)	(24,899)	(7,900)	(900)
Customer and Client Receipts	(2,483,600)	(2,967,370)	(2,273,655)	(2,708,396)	(434,741)	(3,325,832)	(358,462)
<b>Total Income</b>	<b>(26,225,600)</b>	<b>(26,841,170)</b>	<b>(19,552,803)</b>	<b>(20,940,732)</b>	<b>(1,387,929)</b>	<b>(27,286,772)</b>	<b>(445,602)</b>
<b>Expenditure</b>							
Employees	9,202,400	9,504,570	7,007,002	7,141,235	134,233	9,372,076	(132,494)
Premises	803,000	831,900	622,698	641,167	18,469	838,600	6,700
Transport	917,100	901,000	642,472	616,821	(25,651)	876,500	(24,500)
Supplies and Services	1,812,900	2,296,800	1,634,142	1,878,684	244,542	2,396,832	100,032
Third Party Payments	1,810,200	2,285,100	1,415,103	1,501,757	86,654	2,148,238	(136,862)
Transfer Payments	22,843,100	23,126,000	17,162,926	17,175,707	12,781	23,127,720	1,720
<b>Total Expenditure</b>	<b>37,388,700</b>	<b>38,945,370</b>	<b>28,484,343</b>	<b>28,955,371</b>	<b>471,028</b>	<b>38,759,966</b>	<b>(185,404)</b>
<b>Business Units Controllable Total</b>	<b>11,163,100</b>	<b>12,104,200</b>	<b>8,931,540</b>	<b>8,014,638</b>	<b>(916,902)</b>	<b>11,473,194</b>	<b>(631,006)</b>
<b>Corporate Accounting</b>							
Interest and Investment Income	(210,600)	(210,600)	(225,374)	(225,374)	0	(290,600)	(80,000)
Interest Payable	37,400	41,100	0	46,641	46,641	41,100	0
Parish Council Tax Requirement	1,551,200	1,551,200	1,551,200	1,551,438	238	1,551,400	200
Drainage Board Precept	331,700	331,700	331,700	334,736	3,036	334,740	3,040
<b>Statutory Accounting</b>							
Capital Expenditure Charged to General Fund	2,947,300	4,876,600	0	0	0	4,876,600	0
Support Services	5,292,600	5,423,700	0	66,213	66,213	5,423,700	0
Recharges	(5,292,600)	(5,423,300)	0	(70,442)	(70,442)	(5,423,300)	0
<b>Movement in Reserves</b>							
Transfer To / From General Fund	712,900	509,500	(2,175,290)	316,168	2,491,458	509,500	0
Transfer To / From Specific Reserves	(1,518,800)	(4,059,900)	1,489,698	0	(1,489,698)	(4,134,400)	(74,500)
<b>Net Revenue Expenditure</b>	<b>15,014,200</b>	<b>15,144,200</b>	<b>9,903,474</b>	<b>10,034,018</b>	<b>130,544</b>	<b>14,361,934</b>	<b>(782,266)</b>
<b>Funded By</b>							
Revenue Support Grant	(2,198,100)	(2,198,100)	(1,665,158)	(1,665,158)	0	(2,198,100)	0
Capital Grants and Contributions	(62,000)	(72,000)	(46,505)	72,717	119,222	(72,000)	0
Other Government Grants	(178,600)	(298,600)	(253,966)	(245,733)	8,233	(298,600)	0
Retained NNDR	(3,460,600)	(3,460,600)	1,922,618	1,922,618	0	(3,475,500)	(14,900)
New Homes Bonus	(1,986,000)	(1,986,000)	(1,498,692)	(1,498,692)	0	(1,986,000)	0
Council Tax	(5,400,400)	(5,400,400)	0	(102,128)	(102,128)	(5,400,400)	0
Parish Council Tax requirement	(1,551,200)	(1,551,200)	0	0	0	(1,551,200)	0
Council Tax Freeze Grant	(61,600)	(61,600)	(48,700)	(48,700)	0	(61,600)	0
Share of Council Tax Surplus	(115,700)	(115,700)	0	0	0	(115,700)	0
<b>Total Funded By</b>	<b>(15,014,200)</b>	<b>(15,144,200)</b>	<b>(1,590,403)</b>	<b>(1,565,076)</b>	<b>25,327</b>	<b>(15,159,100)</b>	<b>(14,900)</b>
<b>[Surplus] / Deficit for the Year</b>	<b>0</b>	<b>0</b>	<b>8,313,071</b>	<b>8,468,942</b>	<b>155,871</b>	<b>(797,166)</b>	<b>(797,166)</b>

8.2 The major variances of note are detailed below.

## **INCOME**

### **Service Specific Government Grants - £90k surplus**

DCLG New Burdens grant for Land Charges legal claim of (£90k). There is no current need to increase provision therefore windfall income at this stage.

### **Customer and Client Receipts - £165k surplus**

We have received a legal shared service refund of (£21k), which was a higher amount than anticipated.

Increased sales at the Trinity Arts Centre have resulted in additional income of (£27k).

Development Control forecast income has increased by (£130k) due to a rise in the number of major applications.

Increased income from season tickets in car parks is forecast to be (£12k) above revised budget. This is due to a number of factors, take up by our partners staff upon occupancy at the Guildhall and the impact of the closure of Beaumont Street Car Park.

Guildhall rent – additional income of (£20k) arising from new tenants and including NNDR and service charges in contracts.

Flood grant of (£10k) has been received relating to spend funded from reserves during 2014/15.

Building Control – reduced market activity in development sector and increased private sector competition has resulted in a forecast reduction in income of £15k against revised budget.

Taxi Licence Income – a reduction in the number of applications, partly due to recent policy changes, and the impact of a change in Government policy to issue licences for 3 years rather than annually has resulted in a forecast reduction in income of £15k.

Market Stallage Fees – cancelled markets and lower stall numbers has resulted in a forecast reduction in income of £15k.

Trade waste – a reduction in forecast income of £10k due to delay in charging schools.

## **EXPENDITURE**

### **Employees - £131k surplus**

Salary costs are forecast to be (£81k) less than revised budget. This variance is due a reduction in costs arising from vacancies and maternity leave net of costs of interims. (£19k) of this balance will be subject to a carry forward request.

Corporate training is forecast to be (£50k) below budget.

### **Premises - £11k surplus**

The negotiations with Co-op have been concluded and the lease of Beaumont Street car park was terminated on 14<sup>th</sup> July 2015. The termination of the lease has resulted in a reduction in costs against budget of (£21k). We have also received a one-off payment of £80.7k which has been treated as a capital receipt.

Essential maintenance at the leisure centre has resulted in spend above budget of £10k.

### **Supplies and Services - £4k surplus**

Housing benefits have incurred additional costs for utilising a virtual mail room for postage (£12k) against the savings of mailroom staffing.

Members costs of IT purchases and training is forecast to be (£16k) below budget. This surplus will be subject to a carry forward request.

### **Third Party Payments - £150k surplus**

There has been an increase in buildings insurance of £12k due to additional property purchases and the insurable valuation.

Ill Health Insurance has increased by £15k against budget due to changes to the LGPS and the rise in state pension age which has increased the cost of ill health early retirements.

Spend on the homelessness service is forecast to be (£30k) less than budgeted. This is a demand led service and the forecast surplus is based on activity to date.

The budget for business case development to support Business Improvement and Transformation and Invest to Earn projects is expected to underspend by (£67k). A review of original proposals will be carried out and considered as part of the 2016/17 Business Planning process. Any savings will require approval to be carried forward for future business case development.

A review of 2014/15 outturn surplus against the 2015/16 base budget to identify ongoing savings, in total this exercise identified (£80k) of savings against 2015/16 budgets.

## 9. Aged Debt Summary

### Aged Debt Summary Quarter 3 Monitoring Report

At the end of December 2015 there was a total of £270k outstanding debt over 90 days. The majority of this debt was over 150 days old and mainly comprised of £12k for Trade Waste, £35k due to Public Protection, £42k for Housing Benefit Overpayments, £64k for Housing, £59k for Property and Assets.

An exercise of review of outstanding aged debt is currently being undertaken by Financial Services in co-operation with service managers.

Month	90 – 119 days	120 – 149 days	150+ days	Total
April	1,382.35	4,896.68	168,868.58	175,147.61
May	6,724.54	1,318.43	169,553.39	177,596.36
June	66,242.51	5,971.53	167,523.18	239,737.22
July	82,585.18	29,359.38	184,589.04	296,533.60
August	13,904.07	75,538.58	197,214.99	286,657.64
September	64,730.71	14,077.00	200,876.47	279,684.18
October	55,603.00	53,426.89	205,963.20	314,993.09
November	21,581.76	49,580.40	211,837.82	282,999.98
December	12,845.33	11,587.19	245,259.16	269,691.68

## 10. CHANGES TO THE ORGANISATION STRUCTURE

Changes to the establishment are made under Corporate Delegation by the Chief Executive and S151 Officer.

Spatial Planning Team – A restructure within the Growth Team to bring together the key technical skills to deliver on some of WLDC's key strategic objectives around Housing Zones, Local Development Orders (LDO's) and Town Planning. The team is for a fixed period of up to 3 years with £165k external funding being secured from the Housing Communities Agency as a contribution to staffing costs, In addition to £150k to support staffing and other costs associated with the delivery of the LDO's.

## 11. Capital Programme Forecast Out turn

- 11.1 The Capital Programme 2015/16 was approved at Council on 2nd March 2015 and totalled £11,353k.
- 11.2 The capital programme forecast spend for the year is £2,450k, which is a variance against revised budget of £2,146k.
- 11.3 Of this £1,337k is requested to be carried forward and represents slippage on the following schemes.

£200k - Capital Enhancements to Council Owned Assets  
£955.9k - Land and Property Investment

£51k - Civic Enhancements  
£130.1k - Strategic Housing-Empty Homes

The remainder being schemes which are no longer required.

#### **11.4 Amendment to the Capital Programme**

A new capital investment of £16.5k is required for the Committee Admin System. This has been approved by Entrepreneurial Board members and is funded from revenue budget Business Improvement and transformation.

#### **11.5. Property Acquisitions to Quarter 3**

There have been no property acquisitions during quarter 3.

#### **11.6 Capital Receipts to Quarter 3 - £1.069m**

We have received a one-off payment of £81k in relation to a lease settlement agreement

£678k has been received from CAN for balances on the Community Asset Fund held at the end of our contract.

£56k has been received in repayments of Disabled Facilities Grants

£254k has been received from ACIS in accordance with our stock transfer agreement.

The forecast capital out-turn as at 31 December 2015 and capital programme variances are shown in the table below.



## CAPITAL INVESTMENT PROGRAMME 2015/16 (PAGE 1 OF 2)

	Original Budget	Revised Budget	Actual to 30 Dec 15	Commitments to 30 Dec 15	Budget to Period	Variance To Period	Forecast Outturn	Outturn Variance	Reason
SCHEME	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16	
	£	£	£	£	£	£	£	£	
<b>CURRENT PROGRAMME</b>									
Capital Enhancements to Council Owned Assets incl Energy Efficiency Measures	632,850	450,750	85,677	62,248	338,108	(190,183)	250,750	(200,000)	Delay's in acquiring condition surveys and accessing data has resulted in slip on repairs and energy efficiency works. TAC works to be performed in May/June 2016, Car Park ticket machines are currently being tendered, Heapham Road Recycling monies are being offered to incentivise rental of land (infrastructure works) £200k to be carried forward due to slippage
Civic Enhancements	106,000	121,000	0	0	106,000	(106,000)	70,000	(51,000)	Conference system scheduled to be installed and operational by end of March 2016. Work commencing on delivery and configuration of Committee Admin System. Civic transport report to be prepared for March P&R Committee, c/fwd of budget requested.
Land and Property Investment	1,555,920	955,920	0	0	717,036	(717,036)	0	(955,920)	Negotiations for key capital projects remain ongoing however will not be concluded in this financial year. The budget is identified for potential acquisitions and capital works and therefore a carry forwards is requested.
Gainsborough Growth Fund	347,940	368,840	50,985	0	237,676	(186,691)	368,840	0	Since the Scheme started in Nov 2014 the total grants awarded totalled up £311k of which £76k has been released and claimed back by the applicants (£25k in 2014/15). The next Panel is scheduled for the 18th Jan and currently there are two applications lined up for discussion (requested amount £25k each)
Private Sector Renewal - DFG's	410,500	361,870	208,986	0	307,915	(98,929)	361,870	0	All allocated capital will be spent in year in line with the requirements for DFGs. The pipeline of allocated cases covers the amount of grant yet to be spent.
Strategic Housing - Empty Homes	420,130	482,130	202,178	30,891	361,644	(128,575)	352,070	(130,060)	£50k to be carried forward for young person accommodation final payment. Remaining property works to be completed in year and any carry forward to be reallocated to private sector renewal project for 16/17.
Independent Living	62,000	53,220	36,869	0	46,505	(9,636)	53,220	0	All allocated capital will be spent in year in line with the requirements for independent living.
Housing and Infrastructure Investment	4,900,000	0	0	0	0	0	0	0	
Commercial Loan	0	350,000	0	0	0	0	0	(350,000)	This is no longer required
Rural Broadband (BDUK)	555,000	555,000	0	0	416,304	(416,304)	555,000	0	Delivery of the scheme is almost finalised and discussions are ongoing in relation to the contribution level.
Rural Broadband (Quickline)	105,000	105,000	35,000	0	35,000	0	35,000	(70,000)	3rd of the 5 Tranche 3 payments, for £35k, has been made this year. This leaves the final 2 remaining. Quickline have now confirmed in writing they do not require the final two £35k tranches. Therefore there will be a budget underspend

## CAPITAL INVESTMENT PROGRAMME 2015/16 (PAGE 2 OF 2)

	Original Budget	Revised Budget	Actual to 30 Dec 15	Commitments to 30 Dec 15	Budget to Period	Variance To Period	Forecast Outturn	Outturn Variance	Reason
SCHEME	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16	
	£	£	£	£	£	£	£	£	
<b>CURRENT PROGRAMME</b>									
Website replacement (CMS)	75,000	75,000	0	0	75,000	(75,000)	75,000	0	There have been delays during the procurement & evaluation process and the contracts as at 2/10/15 have not been signed. Whilst we know the project and software costs are £16620, there will be more development costs required for integrations with 3rd party suppliers. Hosting has been costed at £6960 pa, but it is the intention to agree that the maintenance starts on 1 April each year, therefore the first hosting costs is likely to be approximately 15 months worth (est. £8700), met from the project costs as the existing revenue costs have been used to pay the current year's maintenance to the existing supplier. Therefore I have left the out-turn at £75000, but this will be reduced once the project progresses. By the next quarter report, the figures should all be confirmed.
Replacement Refuse Freighters	129,000	108,800	54,650	670	81,611	(26,291)	108,000	(800)	£55k spent on TLY replacement (£8k less than forecast), £35k to replace KWZ and £18k to replace bulky waste vehicle
Caistor Townscape Heritage Scheme	25,000	25,000	0	0	25,000	(25,000)	0	(25,000)	This is no longer required
Scotter - River Eau Flood Alleviation Scheme	30,000	30,000	0	0	30,000	(30,000)	30,000	0	Awaiting invoice from EA
Parish Council Loan - Big Society	300,000	300,000	0	0	225,030	(225,030)	0	(300,000)	Loan offer not accepted - Budget no longer required
Desktop Refresh/SAN and SQL replacement	18,000	18,000	(15)	0	13,503	(13,518)	0	(18,000)	One of the projects was delivered in a different way which resulted in a £8k saving, £10k no longer required
Financial Ledger Suite	0	40,600	30,593	10,007	38,700	1,900	40,600	0	Testing of the intelligent scanning is underway and go live scheduled for February 2016. The Bank Reconciliation module is underdevelopment and is scheduled to go live February 2016
CCTV System Upgrade	0	180,000	0	0	180,000	(180,000)	180,000	0	Procurement of new CCTV system has completed evaluation process and preparing to award the contract. Delivery timescales are still on track with a completion date by the end of March 2016. As the contract is awarded and upgrade works begin we will continue to explore opportunities to reduce the costs of upgrade works whilst maintaining required quality and system specification.
Customer Self Service Pod	0	15,000	15,000	0	15,000	0	15,000	0	Project completed
<b>Total Investment</b>	<b>9,672,340</b>	<b>4,596,130</b>	<b>719,923</b>	<b>103,816</b>	<b>3,250,032</b>	<b>(2,426,293)</b>	<b>2,495,350</b>	<b>(2,100,780)</b>	

The forecast underspend on the Capital Programme of £2,101K includes £1,337k of proposed carry forwards into 2016/17 (see 5.1). The details of which are included in the narrative for each scheme in the table above. Remaining forecast underspend on the Capital Programme for 2015/16 is £764k.

## **12. Treasury Management Quarter 3 April – 31 December 2015**

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (TMSS, annual and midyear reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

### **12.1 Economic Background**

UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a slight increase in quarter 2 to +0.5% (+2.3% y/y) before falling back to +0.4% (+2.1% y/y) in quarter 3. Growth is expected to improve to about +0.6% in quarter 4 but the economy faces headwinds for exporters from the appreciation of Sterling against the Euro and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme, although the pace of reductions was eased in the November autumn statement.

Despite these headwinds, the Bank of England November Inflation Report included a forecast for growth over the three years of 2015, 2016 and 2017 to be around 2.7%, 2.5% and 2.6% respectively, although statistics since then would indicate that an actual outturn for 2015 is more likely to be around 2.2%. Nevertheless, this is still moderately strong growth which is being driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero over the last quarter. Investment expenditure is also expected to support growth.

The November Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. However, with the price of oil taking a fresh downward direction and Iran expected to soon re-join the world oil market after the impending lifting of sanctions, there could be several more months of low inflation still to come, especially as world commodity prices have generally been depressed by the Chinese economic downturn.

There are, therefore, considerable risks around whether inflation will rise in the near future as strongly as previously expected; this will make it more difficult for the Bank of England to make a start on raising Bank Rate as soon as had been expected in early 2015, especially given the subsequent major concerns around the slowdown in Chinese growth, the knock on impact on the earnings of emerging countries from falling

oil and commodity prices, and the volatility we have seen in equity and bond markets during 2015, which could potentially spill over to impact the real economies rather than just financial markets.

The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015 before easing back to +2.0% in quarter 3. While there had been confident expectations during the summer that the Fed. could start increasing rates at its meeting on 17 September, downbeat news during the summer about Chinese and Japanese growth and the knock on impact on emerging countries that are major suppliers of commodities, was cited as the main reason for the Fed's decision to pull back from making that start. The nonfarm payrolls figures for September and revised August, issued on 2 October, were also disappointingly weak. However, since then concerns on both the domestic and international scene have abated and so the Fed made its long anticipated start in raising rates at its December meeting.

In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it was intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

## 12.2 Interest Rate Forecast

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank rate	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.00%
5yr PWLB rate	2.40%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%
10yr PWLB rate	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%
25yr PWLB rate	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%	4.40%	4.40%	4.40%	4.50%
50yr PWLB rate	3.60%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.30%	4.30%	4.40%

Capita Asset Services undertook a review of its interest rate forecasts on 9 November after the August Bank of England Inflation Report. This latest forecast includes no change in the timing of the first increase in Bank Rate as being quarter 2 of 2016. With CPI inflation now likely to be at or near zero for most of 2015 and into early 2016, it is currently very difficult for the MPC to make a start on increasing Bank Rate. In addition, the Inflation Report forecast was also notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. Despite average weekly earnings excluding bonuses hitting 2.5% in quarter 3, this has subsided to 1.9% and is unlikely to provide ammunition for the MPC to take action to raise Bank Rate soon as labour productivity growth would mean that net labour unit costs are still only rising by less than 1% y/y. The significant appreciation of Sterling against the Euro in 2015 has also acted to dampen UK growth while volatility in financial markets since the Inflation Report has resulted in volatility in equity and bond prices and bond yields (and therefore PWLB rates). But CPI inflation will start sharply increasing around mid-year 2016, once initial falls in fuel and commodity prices fall out of the 12 month calculation of inflation; this will cause the MPC to take a much keener interest in the forecasts for inflation over their 2-3 year time horizon from about mid-year.

The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when average disposable income is only just starting a significant recovery as a result of recent increases in the rate of wage inflation, though some consumers will not have seen that benefit come through for them.

### **12.3 Annual Investment Strategy**

The Treasury Management Strategy Statement (TMSS) for 2015/16, which includes the Annual Investment Strategy, was approved by the Council on 2 March 2015. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield

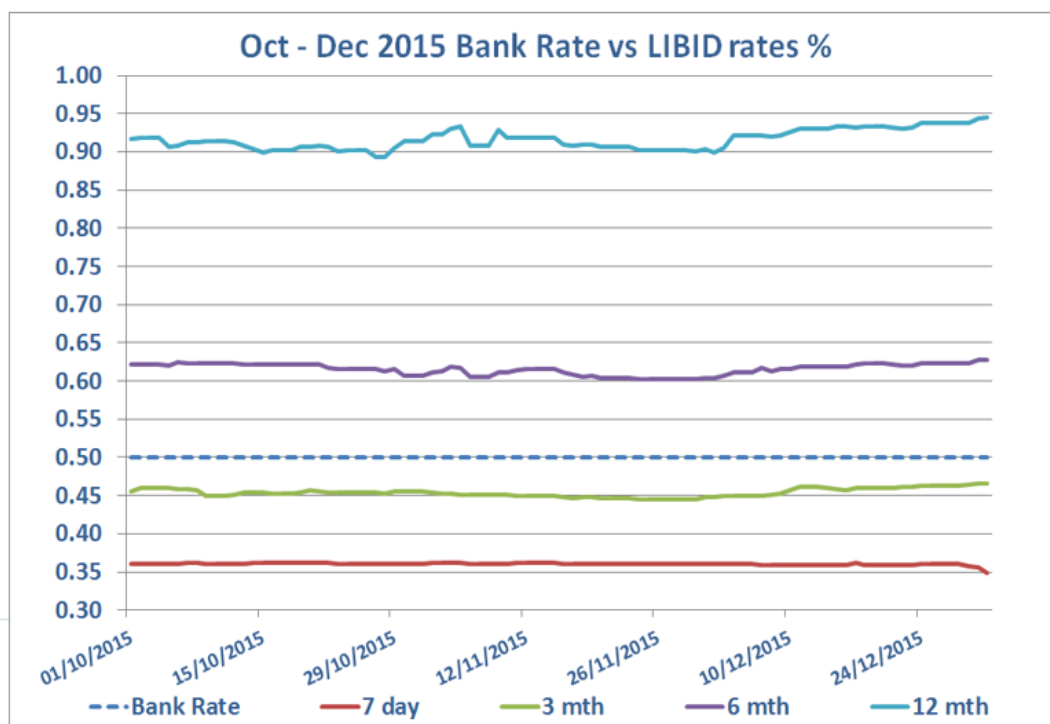
The Council will also aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions, using our suggested creditworthiness approach, including a minimum sovereign credit rating, and Credit Default Swap (CDS) overlay information.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31<sup>st</sup> December 2015.

Investment rates available in the market have been broadly stable during the quarter and have continued at historically low levels as a result of the ultra-low Bank. The average level of funds available for investment purposes during the quarter was £27.2m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme. The Council holds £17m core cash balances for investment purposes (i.e. funds available for more than one year).

Investment performance for period ended 31<sup>st</sup> December 2015

Benchmark	Benchmark Q1	Actual P1	Interest Earned P1 £	Benchmark Q2	Actual Q2	Interest Earned Q2 £	Benchmark Q3	Actual Q3	Interest Earned Q3 £
<b>Overnight</b>	0.35%	0.42%	9,272	0.35%	0.43%	14,853	0.36%	0.44%	11,605
<b>7 day</b>	0.36%	0.94%	3,960	0.35%	0.94%	5,121	0.36%	1.31%	11,854
<b>1 month</b>	0.36%	-	-	0.37%	-	-	0.38%	-	-
<b>3 month</b>	0.40%	0.55%	1,266	0.42%	-	-	0.45%	0.60%	-
<b>6 month</b>	0.51%	0.73%	1,559	0.55%	0.78%	3,362	0.61%	0.71%	17,218
<b>12 month</b>	0.82%	1.00%	22,032	0.88%	1.01%	17,745	0.92%	0.99%	10,452
<b>Other</b>	-	5.47%	27,262	-	6.06%	30,551	-	5.28%	26,617
<b>Total</b>			<b>65,350</b>			<b>71,633</b>			<b>77,746</b>



As illustrated, the Council continues to outperform the benchmark. The Council's budgeted investment return for 2015/16 is £0.200m, and performance for the year to date is above budget.

The Council held £24.8m of investments as at 31<sup>st</sup> December 2015 (£24.6m Qtr. 2 and £23.7m Qtr. 1) and the investment portfolio yield for the period is 1.14% (1.15% Qtr. 2 and 1.17% Qtr. 1), the improvement reflects the investment in the Local Authority Property Fund.

The annualised weighted average rate of interest for Q3 is 1.14% has been achieved and compares to the benchmark 7 day libid of 0.36%.

### **Investment in Local Authority Property Fund**

The Council now has £2m invested in the CCLA Property Fund. Interest is receivable on a quarterly basis. Interest received can be seen in the table above in the section marked 'other'.

### **Investment Counterparty criteria**

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first two months of 2015/16.

Treasury Officers continue to mitigate investment risk in accordance with Treasury Management Practices.

### **Changes in credit rating methodology**

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency.

In keeping with the agencies' new methodologies, the credit element of our own credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used by Standard & Poor's, this has been a change to the use of Fitch and Moody's ratings. It is important to stress

that the other key elements to our process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.

The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, clients typically assigned the highest sovereign rating to their criteria the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of ..... This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution, merely a reassessment of their methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the "support" phase of the financial crisis.

#### **12.4 Borrowing**

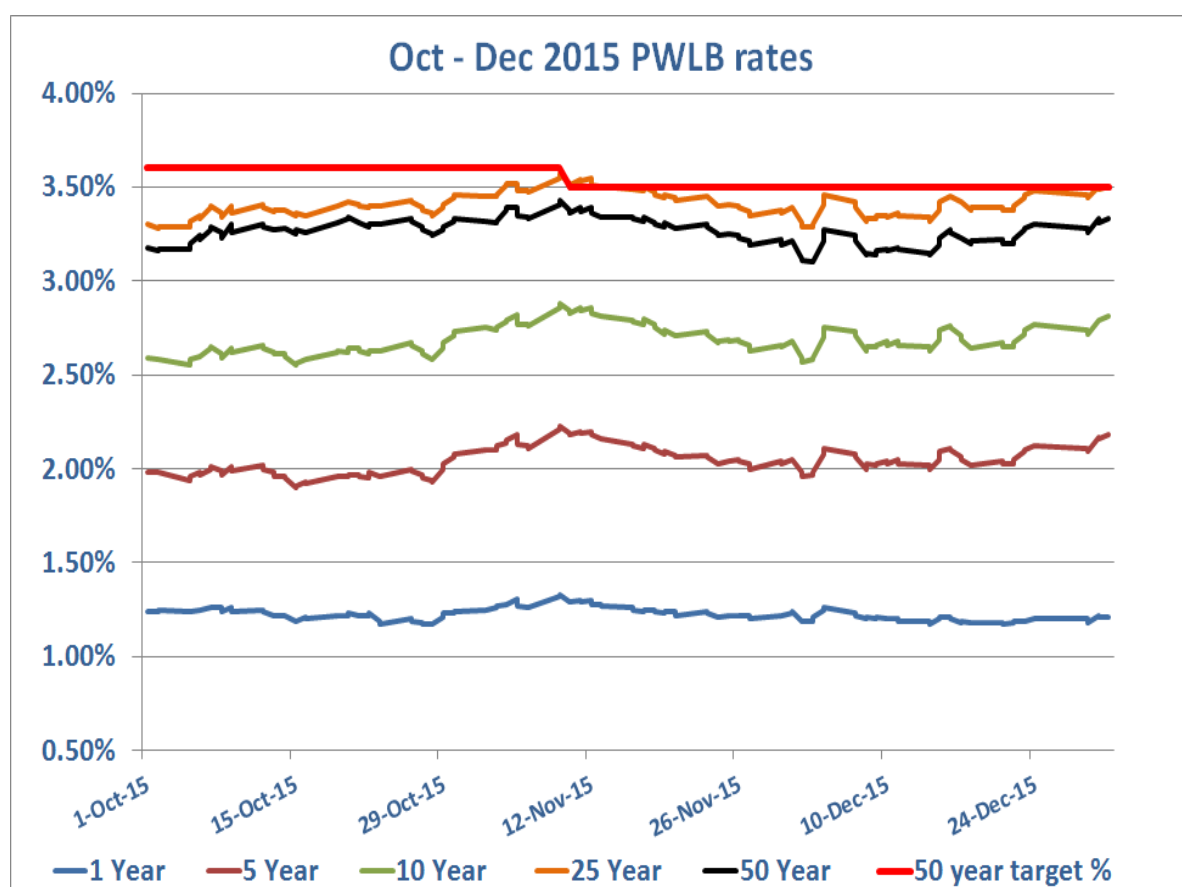
As outlined below, the general trend in PWLB rates has been an increase in interest rates during the first quarter followed by a fall during the second quarter: in the third quarter rates have been volatile with no overall direction. The 50 year PWLB target (certainty) rate for new long term borrowing, for the quarter ending 31<sup>st</sup> December, fell slightly during the quarter from 3.60% to 3.50% after the November Bank of England Inflation report.

During the nine months to 31 December, no borrowing – either long or short term was undertaken. However, credit arrangements such as finance leases are classified as borrowing under the capital control arrangements for local authorities. The Council procures replacement vehicles and certain other assets (telephone system, fuel tanks) through finance lease arrangements which count as credit other long term liabilities in the Council's accounts. The operational limit that has been approved for 2015/16 is £0.680m (relates to finance lease principal).



## PWLB certainty rates quarter ended 31st December 2015

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.17%	1.90%	2.55%	3.28%	3.10%
<b>Date</b>	23/10/2015	15/10/2015	05/10/2015	02/10/2015	03/12/2015
<b>High</b>	1.33%	2.23%	2.88%	3.57%	3.43%
<b>Date</b>	09/11/2015	09/11/2015	09/11/2015	09/11/2015	09/11/2015
<b>Average</b>	1.23%	2.05%	2.69%	3.41%	3.27%



The Council has not borrowed in advance of need during the quarter ending 31 December 2015 and has not borrowed in advance in all of 2015/16.

## 12.5 Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators are included in the approved TMSS.

During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown in Appendix 1.

### The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

### Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget and draws together the main strategy elements of the capital expenditure plans (above), highlighting the original capital programme, and the expected financing arrangements of this capital expenditure. Any borrowing need increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR).

<b>Capital Expenditure</b>	<b>2015/16 Original Estimate £'000</b>	<b>2015/16 Revised Estimate Q3 £'000</b>
<b>Total Unsupported spend</b>	9,689	2,450
Financed by:		
Capital receipts	1,249	0.875
Capital grants	743	0.680
Revenue	2,797	0.791
S106	0	0.104
Leases	0	0
<b>Total financing</b>	4,789	2,450
<b>Borrowing need</b>	4,900	0

There have been no changes to the Treasury or Prudential Indicators.

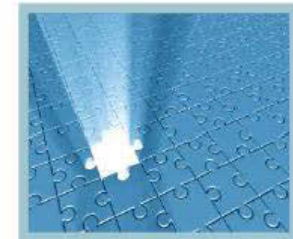
The Director of Resources reports that no difficulties are envisaged for the current or future years in complying with prudential indicators.

	<b>Original £'000</b>	<b>P1 £'000</b>	<b>Q2 £'000</b>	<b>Q3 £'000</b>
<b>Treasury Indicators</b>				
Authorised limit for external debt	12,500	12,500	12,500	12,500
Operational boundary for external debt	608	608	608	608
External Debt	9,900	0	0	0
Long term Leases	608	608	364	342
Investments	16,887	20,600	24,600	24,800
<b>Net Borrowing</b>	<b>6,379</b>	<b>19,992</b>	<b>24,236</b>	<b>24,458</b>
<b>Prudential Indicators</b>				
Capital Expenditure	9,689	3,364	4,144	2,450
Capital Financing Requirement (CFR)*	6,260	6,260	1,429	1,407
Annual change in CFR*	4,693	4,693	-202	-228
In year borrowing requirement	4,900	4,900	0	0
Under/(over)borrowing	-3,935	-3,935	1,065	1,065
Ratio of financing costs to net revenue stream*	1.63%	1.63%	1.43%	1.23%
<b>Incremental impact of capital investment decisions:</b>				
Increase in Council Tax (band change per annum)	£0.98	£0.98	£0.47	£0.24

# West Lindsey District Council

## Monthly Investment Analysis Review

December 2015



Monthly Economic Summary

**General Economy**

December was dominated by anticipation regarding the outcome of the Federal Reserve meeting. In a watershed moment for the global economy, the first hike in nearly a decade was reported, pushing several months of uncertainty to one side.

The UK services PMI grew for a second month running, reaching 55.9 last month, the fastest pace of expansion since July. This rise from October’s 54.9 is set to point towards stronger economic growth in the upcoming months.

For the first time since July, UK CPI returned to positive territory, rising 0.1% annually in November. The ONS numbers reflected rises in transport costs and alcohol and tobacco prices which exerted upside price pressures; however this was slightly offset by a dip in clothing prices, leaving the month-on-month CPI figure standing at 0% for November. With the Brent Crude oil benchmark hovering around \$37 a barrel, analysts warn that this positive inflation figure is unlikely to be permanent.

Unemployment within the UK fell to its lowest since the three months to January 2006, with the unemployment rate dwindling to 5.2% in October, confounding forecasts of 5.3%. Nonetheless, in the month alone, regular wages rose by 1.7%, the slowest increase since January. Despite this, with inflation hovering around the zero-mark, rising earnings are expected to translate into notable increases in living standards.

Across “The Pond”, US non-farm payrolls increased solidly in November, by 211,000, with the unemployment rate remaining at 5%, the lowest figure for seven-and-a-half years. Data from September and October was revised to show an additional 35,000 more jobs created than previously reported.

Following the robust non-farm data, markets stood prepared and priced in their outlook of a December rate hike, resulting in stocks rising sharply prior to the Fed meeting. The outcome of the much-anticipated meeting was in line with expectations, with the target Federal Funds rates finally increased, by a unanimous vote in favour, for the first time since 2006, by 25bps to 0.25%-0.50%. The subsequent statement revealed the opinion that the economy had expanded “at a moderate pace”, alongside considerable improvements in the US labour market this year. Immediately following the announcement of the hike, the US Dollar appreciated further against Sterling, with the rate falling back below the \$1.50 level. Many of the European stock markets welcomed the rate rise, including the FTSE 100 index, which rose by 1.1% following the news.

The third and final estimate of UK GDP for Q3 revealed that economic growth was slower than previously thought, mainly weighed down by a worse-than-expected performance in the dominant services sector, which accounts for well over 70% of UK economic activity. The ONS revised the Q3 GDP figure from 0.5% to 0.4%, alongside a slowdown of the annual growth, from the previous estimate of 2.3% to 2.1%, the weakest it has been since Q3 2013. Despite the UK being the fastest growing economy in the G7 last year, it is evident that risks to the economy still remain.

UK retail sales outperformed forecasts in November, mainly driven by the sales on Black Friday. Alongside a 1.7% m/m increase from October, sales grew 5% compared with the same time last year, offering evidence that strong consumer confidence, alongside higher employment and rising real wage growth, has contributed to robust retail sales figures. Despite this, data from GfK has disclosed that although confidence amongst consumers in the UK has edged up from a 6-month low, households are more concerned about the economy than they were in December 2014.

The disappointing figures for November’s public finances lead analysts to believe that George Osborne will find difficulty in meeting the OBR’s public borrowing forecast for the fiscal year. With public sector net borrowing (excluding public sector banks) reaching a total of £14.2bn, expectations of £11.9bn were greatly exceeded, as was last year’s November total of £12.9bn, it seems almost impossible now for the Chancellor to meet the forecasts set.

**Currency**

Sterling opened the month at \$1.506 against the US dollar and closed at \$1.483. Against the Euro, Sterling opened at €1.424 and closed at €1.359.

**Forecast**

Capita Asset Services did not alter its forecast this month. Capita Asset Services expects the first rate hike to come in the second quarter of 2016. Capital Economics left their forecast unchanged in December. They expect the first Bank Rate increase to come in Q2 2016.

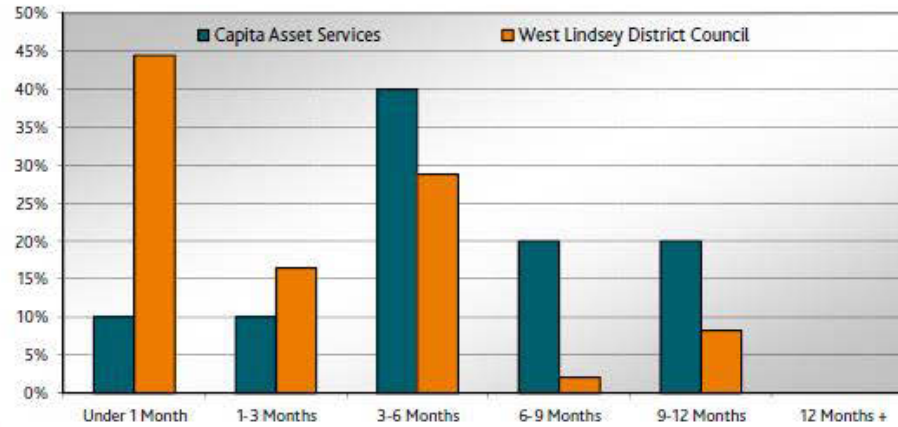
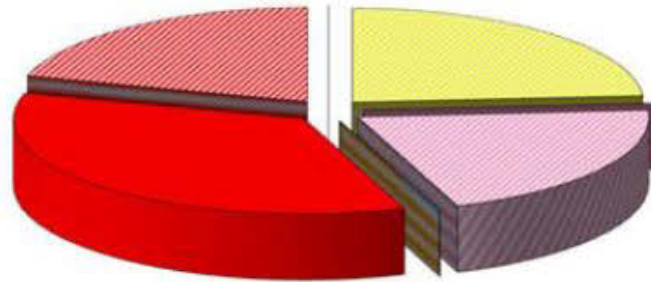
Bank Rate	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	0.50%	0.75%	0.75%	1.00%	1.00%
Capital Economics	0.50%	0.75%	0.75%	1.00%	1.00%

## West Lindsey District Council

### Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
MMF Insight	3,800,000	0.46%		MMF	AAA	0.000%
EMMF Insight Liquidity Plus	5,000,000	1.31%		EMMF	AAA	0.000%
MMF CCLA	2,000,000	0.45%		MMF	AAA	0.000%
Lloyds Bank Plc	1,000,000	1.10%	14/04/2015	10/02/2016	A	0.007%
Standard Chartered Bank	2,000,000	0.73%	21/08/2015	19/02/2016	A+	0.008%
Lloyds Bank Plc	1,000,000	0.90%	19/08/2015	19/02/2016	A	0.008%
Goldman Sachs International Bank	2,000,000	0.73%	16/10/2015	15/04/2016	A	0.018%
Santander UK Plc	2,000,000	1.05%		Call120	A	0.020%
Lloyds Bank Plc	1,000,000	0.75%	02/11/2015	03/05/2016	A	0.021%
Nationwide Building Society	1,000,000	0.66%	02/11/2015	03/05/2016	A	0.021%
Santander UK Plc	1,000,000	1.15%		Call180	A	0.031%
Lloyds Bank Plc	500,000	1.00%	10/09/2015	12/09/2016	A	0.043%
Santander UK Plc	2,000,000	1.30%		Call365	A	0.062%
<b>Borrower - Funds</b>	<b>Principal (£)</b>	<b>Interest Rate</b>	<b>Start Date</b>	<b>Maturity Date</b>		
CCLA	2,000,000					
<b>Total Investments</b>	<b>£26,300,000</b>	<b>0.83%</b>				

Portfolio Composition by Capita Asset Services' Suggested Lending Criteria



Portfolios weighted average risk number =

3.33

WARoR = Weighted Average Rate of Return  
WAM = Weighted Average Time to Maturity

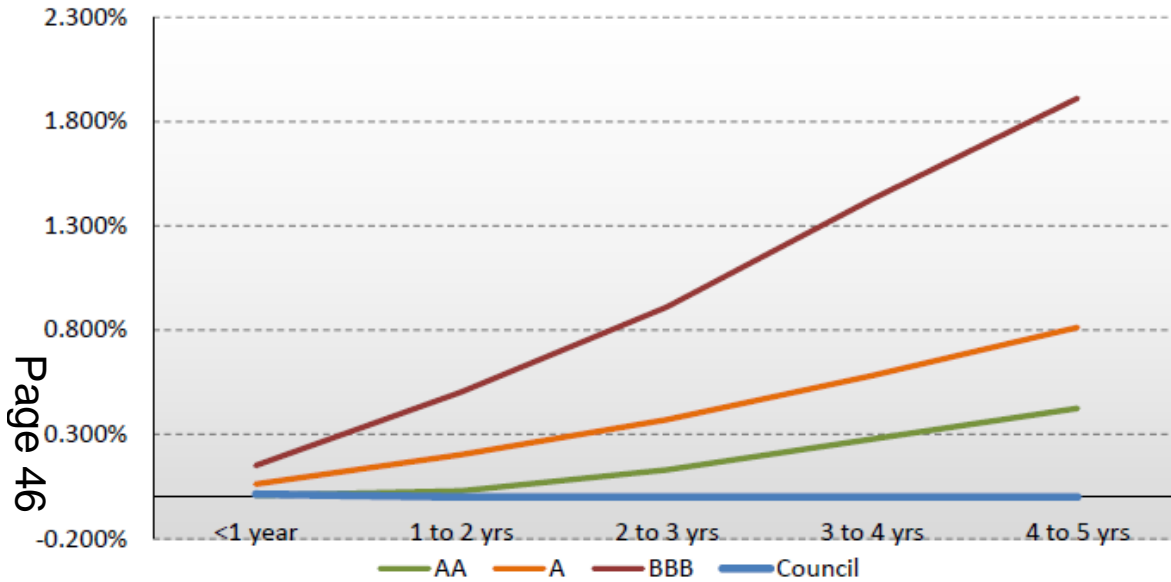
Page 45



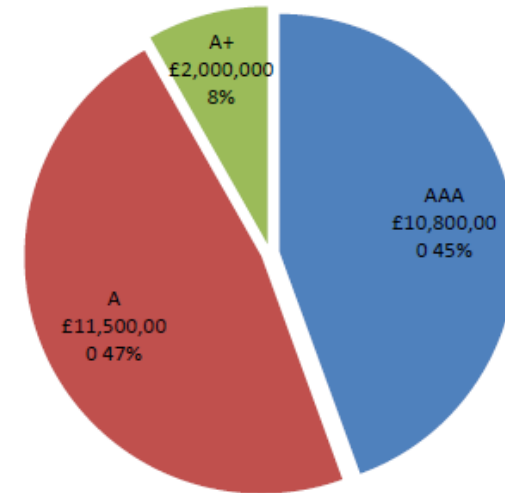
	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/EMMFs	
									WAM	WAM at Execution
Yellow	23.87%	£5,800,000	100.00%	£5,800,000	23.87%	0.46%	0	0	0	0
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	20.58%	£5,000,000	100.00%	£5,000,000	20.58%	1.31%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Red	55.56%	£13,500,000	37.04%	£5,000,000	20.58%	0.94%	143	216	92	208
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
<b>Total</b>	<b>100.00%</b>	<b>£24,300,000</b>	<b>65.02%</b>	<b>£15,800,000</b>	<b>65.02%</b>	<b>0.90%</b>	<b>79</b>	<b>120</b>	<b>92</b>	<b>208</b>

Investment Risk and Rating Exposure

Investment Risk Vs. Rating Categories



Rating Exposure



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.007%	0.029%	0.130%	0.278%	0.425%
A	0.062%	0.202%	0.370%	0.581%	0.813%
BBB	0.150%	0.502%	0.910%	1.428%	1.912%
Council	0.014%	0.000%	0.000%	0.000%	0.000%



Monthly Credit Rating Changes

FITCH

Date	Update Number	Institution	Country	Rating Action
09/12/2015	1404	UBS Ltd, UBS AG	UK, Switzerland	The Outlook on both bank Long Term rating was changed from 'Stable' to 'Positive'.
09/12/2015	1405	Deutsche Bank AG	Germany	The Long Term Rating on Deutsche Bank was downgraded from 'A' to 'A-'. The Viability Rating was downgraded from 'a' to 'a-'. The Short Term Rating was affirmed at 'F1'. The Outlook on its Long Term rating was changed from 'Negative' to 'Stable'.

## West Lindsey District Council

### Monthly Credit Rating Changes MOODY'S

Date	Update Number	Institution	Country	Rating Action
15/12/2015	1407	The Royal Bank of Scotland plc, National Westminster Bank Plc, The Royal Bank of Scotland Plc	UK	Outlook on the banks' long term rating was changed from 'Stable' to 'Positive'.

## West Lindsey District Council

### Monthly Credit Rating Changes S&P

Date	Update Number	Institution	Country	Rating Action
03/12/2015	1402	Skandinaviska Enskilda Banken AB, Swedbank AB	Sweden	Swedbank AB: Long term and short term ratings raised to 'AA-/A-1+' from 'A+/A-1'. Skandinaviska Enskilda Banken AB: Long term and short term ratings have been affirmed at 'A+/A-1'
03/12/2015	1403	BNP Paribas Fortis, BNP Paribas, Credit Agricole Corporate and Investment Bank, Credit Agricole SA, Societe Generale, ABN AMRO Bank N.V., Rabobank, UBS AG, UBS Ltd	Belgium, France, Netherlands, Switzerland	Multiple outlook changes but no colour changes
11/12/2015	1406	Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Toronto Dominion Bank, National Bank of Canada	Canada	Outlooks revised on Canadian banks that is viewed as having either 'high' or 'moderate' systematic importance to stable from negative. The credit ratings on the banks remain unchanged.

## Detailed economic commentary on developments during quarter ended 31<sup>st</sup> December 2015

*Capita Asset Services note: this section has been provided for clients who prefer a more detailed economic commentary than that provided in the main body of this template in section 1. This section has been provided by Capital Economics and therefore includes their views and opinions of future trends and events.*

- During the quarter ended 31<sup>st</sup> December 2015:
  - The economic recovery regain some momentum during Q4 2015 after a disappointing Q3 2015;
  - Household spending growth strengthened;
  - Wage growth slowed despite further falls in unemployment;
  - The UK came out of its brief dip into deflation;
  - The prospect of a rate hike before mid-2016 remained unlikely;
  - The Fed made a start in raising interest rates, and the ECB loosened policy;
  - The Chancellor smoothed out his fiscal austerity plans over the term of this Parliament.
- The economic recovery was shown to have slowed by more than previously thought in Q3 2015 (quarter ended 30.9.15), with real GDP growth decelerating from a downwardly-revised 0.5% in Q2 (from 0.7%) to 0.4% (from 0.5%). The annual growth rate in Q3 was also revised down from 2.3% to 2.1%. The revisions were driven largely by weaker contributions from investment expenditure.
- The latest survey evidence and official monthly data suggest that the recovery picked up pace again during the final quarter of 2015. In addition to the CBI's Composite Growth Indicator pointing to greater economic expansion in Q4 2015, the Markit/CIPS composite PMI is consistent with quarterly GDP growth strengthening to about 0.6%, which would imply 2.2% GDP growth in 2015 as a whole. Q3's unusually weak contribution of construction output to overall GDP is also likely to have been reversed in Q4.
- Consumer spending will probably have provided a significant boost, given that retail sales experienced what was almost certainly their strongest quarter this year in Q4. (In fact, it would take over a 2% monthly plunge in sales volumes in December for Q4's quarterly growth rate to not be the strongest.) Spending off the high street looks to have fared well too, in part owing to consumer confidence remaining high. Survey measures such as the CBI's consumer services business volumes balance indicate that annual growth in real household spending on consumer services could have risen in Q4 from 1.6% to as much as 3%.

- The jobs recovery pressed on in Q3, as employment rose by 176,000, and by a further 91,000 in October, pushing the employment rate up to a record-high. Consequently, the ILO unemployment rate was driven down for four successive months between July and October, from 5.6% to 5.2% – a level not far above some estimates of its natural rate. However, by taking a wider perspective on labour market slack, we do not believe the labour market is as tight as these data alone suggest. First, impressive jobs growth reflected large increases in self-employment, as well as significant numbers of new part-time jobs, rather than conventional full-time placements. Moreover, the percentage of those in part-time work wanting to work extra hours in a full-time role saw the largest upturn for 2½ years in October, and the proportion of temporary workers wanting permanent positions has been on the rise throughout the second half of the year. Meanwhile, employer surveys have shown that recruitment difficulties have either held steady or eased recently. It is, therefore, not too surprising that pay growth has weakened so much of late. Annual growth in regular pay (ex. bonuses) softened to just 1.9% at the beginning of Q4, in contrast to 2.5% in the last quarter.
- These labour market figures will have reassured MPC doves that inflationary pressures remain muted, thereby reinforcing expectations that a rate rise is still some way off. Only recently the newest MPC member, Gertjan Vlieghe, stressed that he needs to see a decisive acceleration of wage growth before considering voting for a rate hike. And weak inflationary pressures from the labour market have been compounded by renewed falls in the energy prices in reinforcing the case to keep rates on hold for a while yet. The sterling price of Brent Crude fell below £24 per barrel in December, and wholesale gas and electricity prices fell further too. While it looks like the UK's brief flirtation with deflation in 2015 came to an end in November – CPI inflation nudged back into positive territory at 0.1% – inflation will remain below target for a long while yet. Despite these disinflationary pressures, inflation will pick up in coming months as the previous, (sharper), falls in oil prices will drop out of the calculation of the annual figure.
- Given this, as well as the monetary policy actions of the Fed and the ECB at the end of the fourth quarter, the Bank of England is now playing 'piggy in the middle' between tightening in the US and further loosening in the euro-zone. The US FOMC commenced its rate "lift off" in December in response to a "considerable improvement" in labour market conditions. In contrast, the ECB Governing Council cut its deposit facility rate by 10bps to -0.3%, and extended (not expanded) its QE programme to March 2017 from September 2016. However, the Council failed to live up to its own hype by failing to follow through on its own dovish signals with a more extensive policy loosening. But as the temporary boosts from the

substantial falls in the oil price and the strength of the euro fade in 2016, we expect the ECB will have to expand its QE programme by Q2 2016.

- Turning to the public finances, the Chancellor delivered his Spending Review and Autumn Statement in November. Due to the OBR “finding” another £27bn of savings over the forecast period, from changing various forecasts and modelling assumptions, Mr Osborne was allowed to reverse his tax credits cuts, and to pursue a more balanced path of consolidation over the parliament. But while the profile and pace of cuts have eased a little, the intensity of the consolidation package as a whole is not that different to the one presented in July’s Budget, and remains far more austere than those faced in other advanced economies. The OBR forecasts that Mr Osborne will achieve a £10bn budget surplus in 2019-20 and that net debt as a percentage of GDP will fall in every year of the Parliament.
- However, November’s public finance figures now indicate that an overshoot of the borrowing target for this fiscal year is likely. On the other hand, since we think the OBR is too cautious about the scope for productivity and GDP growth to bounce back, it is quite possible that the Chancellor actually ends up reaching his £10bn budget surplus earlier than the current OBR forecast. The big picture is still that austerity will be renewed in 2016, although we think that the economic recovery should be able to weather this relatively well.
- Finally, the FTSE 100 rose by 3% between end-Q3 and end-Q4. However, UK equity prices were still down by 5% over the year as a whole. By comparison, global equities rose over 4% in Q4, and fell by 4.5% over 2015 as a whole. Meanwhile, on a trade-weighted basis, sterling weakened by around 0.4% over Q4. This left it around 3% higher than the start of the year.

## Detailed commentary on interest rate forecasts

*Capita Asset Services note: this section has been provided for clients who prefer a more detailed commentary on the background to interest rate forecasts than that provided in the main body of this template in section 2.*

Our treasury management advisers, Capita Asset Services have provided us with the following update to their interest rate forecasts.

### Bank of England Inflation Report November 2015

- *There has been little change in our forecasts since our previous forecasts in May and August. We have left unchanged the start of the increases in Bank Rate at quarter 2 of 2016 despite all the media interpretation that the Bank of England Inflation Report means that Bank Rate is not now expected to go up for eighteen months until quarter 2 2017. We have, however, reduced our forecasts for average investment earnings beyond 2018/19 to reflect a slower expected rate of rise in Bank Rate over a longer timeframe.*
- *The so called ‘super Thursday’ in the first week of November dumbfounded forecasters’ expectations with what was seen to be a very dovish view of inflation risks. This effectively meant that the MPC could go on holiday for all of 2016 as there would be no decision making to do to change Bank Rate! This was met with disbelief by most forecasters, the majority of whom have left their forecasts for quarter 2 2016 unchanged as the first increase in Bank Rate. This begs the question as to whether the Inflation Report has been correctly interpreted.*
- *In his press conference, Mark Carney focused on the need to balance two fundamental forces – domestic UK strength and foreign weakness. In terms of domestic strength, shaving one hair’s breadth of 0.1% off growth rate forecasts for 2015, 2016 and 2017 to 2.7%, 2.5% and 2.6% respectively would struggle to provide any justification for a huge shift in Bank Rate forecasts. Rather, these forecasts indicate a continuation of a trend of almost equally strong growth from that in 2013-2015 which has been dependent on strong domestic demand in the face of weak exporting. It should be borne in mind that despite the austerity programme over the last Parliament, a deficit reduction of 5% of GDP was achieved at the same time as strong growth over the last three years. A further reduction of the deficit of 5% of GDP is also planned for the next five years.*
- *So this leaves the Bank’s warning over its concerns for emerging market countries as the main change since the previous Inflation Report; this may in part reflect the concerns of the Bank’s chief economist, Andy Haldane, who recently warned that China’s sharp stock market falls could prove the start of a third act of the global financial crisis which*

*started in 2008. Although such concerns did cause the Fed to pull back from making a start on raising rates at its September meeting, by the date of its December meeting, concerns had subsided and so the Fed made that first start on increasing rates.*

- *However, the key to MPC decision making will always be inflation. The latest Inflation Report indicated that inflation was currently expected to struggle to get barely over 2% at the end of the 2 to 3 year time horizon assuming that Bank Rate did not go up until Q2 2017. However, once the falls in oil, gas and food prices over recent months fall out of the 12 month calculation of CPI, there will be a sharp tick up from the current zero rate to around 1% in the second half of 2016. In addition, increases at the three year horizon were the biggest in a decade and at the two year horizon were the biggest since February 2013. However, forecasting inflation two to three years out requires many subsidiary assumptions, particularly on what will happen to pay inflation as the unemployment rate continues to fall? But that then needs to be offset by the net effect on gross pay inflation of increases in productivity. Then you need to forecast which way already very low unemployment figures and already high vacancy numbers will go and the overall impact on the amount of 'spare capacity'. Add to the mix further austerity measures kicking in during the term of this Parliament and determining which way consumer confidence will go, and you will end up with a 'range of views among MPC members about the balance of risks to inflation', as stated in the Inflation Report. Accordingly there is huge room for MPC perceptions of where inflation will be 2-3 years out to vary over the next year.*
- *The overall view of the Interest Rate Strategy Group is that given the current trend of economic statistics, there is little justification for changing to the prevalent market view that there will not be an increase in Bank Rate for eighteen months until Q2 2017. Such a view would only be warranted by a major downturn in world or UK growth and / or if there is a significant decline in inflationary pressures e.g. from such factors as a sharp increase in the pace of replacement of workers by computers and robots automating work. At the current time, these would be major assumptions. Accordingly, we have opted to leave our central forecast for a first increase in Bank Rate unchanged at Q2 2016 but there are downside risks to our current forecast for the timing of the first increase.*

## **CAPITA ASSET SERVICES' FORWARD VIEW**

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment



depending on how economic data transpires over the next year. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

We have pointed out consistently that the Fed. rate is likely to go up both sooner and at a sharper rate than Bank Rate in the UK. These increases will have corresponding effects in pushing up US Treasury and UK gilt yields. While there is normally a high degree of correlation between the two yields, we would expect to see a decoupling of yields between the two i.e. we would expect US yields to go up faster than UK yields. We will monitor this area and the resulting effect on PWLB rates.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

We would, however, remind clients of the view that we have expressed in our previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are at present. We are experiencing exceptional levels of volatility which are highly correlated to geo-political and sovereign debt crisis developments. Our revised forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth is weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The commencement by the US Federal Reserve of increases in the Fed. funds rate in the near future, causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

## Approved countries for investments

***Clients may wish to inform members of changes to their approved list of countries for investments. Changes during quarter 3 are shown below.***

*Based on lowest available rating*

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands (upgraded from AA+)
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- U.K.
- U.S.A.

AA

- Abu Dhabi (UAE)
- Qatar
- France

AA-

- Belgium

REMOVED

- Saudi Arabia was downgraded from AA- to A+ and so removed from this list

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<b>CPR.53 15/16</b>
<b>Corporate Policy and Resources Committee:</b>
<b>Date: 11<sup>th</sup> February 2016</b>

**Subject: WLDC Corporate Plan 2016 – 2020**

Report by:

Chief Executive

Contact Officer:

Director of Resources

Purpose / Summary:

To provide a draft version of the 2016-2020 Corporate Plan for Members to consider.

The report presents the work done to date and seeks views from Members on the priorities to be incorporated into the Corporate Plan.

**RECOMMENDATION(S):**

- 1. Members to provide any proposed amendments to the priorities and objectives detailed in the draft Corporate Plan.**
- 2. Members to provide feedback on the questions raised in Section Three of this report.**

**IMPLICATIONS**

**Legal: None**

**Financial: FIN 120/16 The Corporate Plan details the key priorities of the Council and will inform the Corporate Financial Strategies, ensuring that resources are aligned to achieve these objectives.**

**Staffing: None**

**Equality and Diversity including Human Rights: None**

**Risk Assessment: None**

**Climate Related Risks and Opportunities: None**

**Title and Location of any Background Papers used in the preparation of this report:**

**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)      **Yes**       **No**

**Key Decision:**

A matter which affects two or more wards, or has significant financial implications      **Yes**       **No**

## **1. Background**

1.1 The Corporate Plan sets out the priorities over a four year period that the Council has identified having taken into account all the evidence we have, including national and regional priorities and local views and also taking into account what our residents consider to be important. It is the main business plan of the Council.

1.2 The current Corporate Plan was refreshed in 2014 and covers the period 2014 to 2018. It identified five themes under which a series of priorities sit. The themes are as follows:

Theme 1: A prosperous and enterprising District.

Theme 2: An accessible and connected District.

Theme 3: A green District where people want to live, work and visit.

Theme 4: Active and healthy citizens and communities.

Theme 5: Organisational Transformation.

- 1.3 Underpinning our approach to delivery is the principle of the Entrepreneurial Council; the characteristics of which are:
- Innovation and efficiency with a focus on outcomes and leaner design of services and modern working practices
  - Encouraging co-production (helping people to help themselves)
  - A commercial approach designed to generate additional income and/or source alternative means of funding

## **2 Corporate Plan Update**

2.1 To reflect changing priorities, legislation and contextual matters, the Corporate Plan is regularly updated in order for its relevance to remain intact. The update currently in process will produce a Corporate Plan covering the period 2016 to 2020.

2.2 To inform the content of the draft Corporate Plan 2016-2020, Members were presented with a 'State of the District' type report which provided analysis across a range of metrics.

2.3 This information was cross-referenced against information Members gleaned from constituents during the election campaign as to the issues they face and their opinions on the priorities the Council should adopt.

- 2.4 This exercise produced a series of prioritised themes as follows:
- Open for Business
  - People First
  - Asset Management
  - Central Lincolnshire Local Plan
  - Partnerships/Devolution
  - Excellent, Value for Money Services

2.5 Following the determination of the themes, officers have worked to identify priorities and desired outcomes under each theme. These are set out below:

Theme	Priority	Outcomes
Open for Business	1. To attract inward investment	Secure development of employment land
	2. To retain, support and facilitate the growth of business in the District	Retain and increase employment opportunities in the District
	3. Housing led economic growth	1. West Lindsey is the place of choice to live 2. A sustainable and thriving economy 3. Sustainable neighbourhoods
	4. Understand and address the skills gap in the District	1. A balanced workforce 2. Appropriate skilled work for young people
	5. Promote and expand the agri-food sector	Sustainable employment is created
	6. Understand and promote the value of the visitor economy	1. Diversity in quality of life 2. Increased exposure and increased footfall in day and overnight visits

Theme	Priority	Outcomes
People First	1. Ease and convenience of access to a range of public services offered by the Council and partner organisations	Residents receive the services they require and are satisfied
	2. Enhance and maintain a safe, natural and built environment	Improved street scene and green spaces
	3. Meet local housing needs and aspirations	Residents can live, grow and remain in the District
	4. Increase opportunities for arts,	Greater diversity of offer to improve quality of life



	culture, night-time economy, sport and leisure for residents	and promotion of healthy communities
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Theme	Priority	Outcomes
Asset Management	1. To develop and maximise the return on and value of our asset base	Reduced value of subsidy on delivering services and getting the most out of Council Tax receipts
	2. Maximise the benefits of our assets for our communities	Improved environment within which people live and work
	3. Utilise our asset base to facilitate inward investment	Generate greater social, economic and environmental return and benefits

Theme	Priority	Outcome
Central Lincolnshire Local Plan	1. Local Plan is adopted	Local Plan helps deliver sustainable, integrated delivery of following outcomes: jobs, housing, environmental enhancements and infrastructure
	2. Establish the appropriate number of Neighbourhood Plans required across the District and ensure they are supported and developed	<ol style="list-style-type: none"> <li>1. Local needs are understood and aspirations are met</li> <li>2. Neighbourhood Plans, where required, are delivered</li> </ol>
	3. The key growth and regeneration priorities for Gainsborough to deliver Local Plan priorities are identified in the Gainsborough Chapter of the document	Gainsborough grows in a sustainable manner in terms of housing, jobs, infrastructure and environmental enhancements
	4. Infrastructure that meets the housing and growth priorities for West Lindsey	Greater Lincolnshire funding for infrastructure improvements is obtained to support the District's growth ambitions

Theme	Priority	Outcome
Partnerships and Devolution	1. To work in partnership to explore opportunities for joined-up service delivery (deliver improvements in housing, infrastructure, agri-food, manufacturing and engineering, visitor economy, skills, water management, health and public protection)	Accelerated growth and delivery across Greater Lincolnshire in a more cost effective manner
	2. To work with national and regional organisations to deliver services locally	<ol style="list-style-type: none"> <li>1. Improved networks and connectivity</li> <li>2. Greater decision making and empowerment at a local level</li> </ol>
	3. To build successful commercial partnerships and Joint Ventures	Improved economic health of both the District and Council
	4. To work with partners to deliver local services at as local a level as possible	<ol style="list-style-type: none"> <li>1. Improved and more resilient services, communities and residents</li> <li>2. Improved response to local circumstances</li> </ol>

Theme	Priority	Outcome
Excellent Value for Money Services	1. Explore alternative delivery models which ensure the effective use of resources	Excellent services that provide value for money
	2. Deliver a customer first culture across the Council	Customers at the heart of service delivery
	3. Develop a workforce of high skilled, motivated staff to deliver in an entrepreneurial manner	High performing, innovative Council with high levels of customer satisfaction
	4. To be a high performing Council at a cost affordable to	<ol style="list-style-type: none"> <li>1. Improved decision making to support appropriate levels</li> </ol>

	the residents of the District	and quality of service provision 2. Culture of continuous improvement evident across the Council
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2.5 The Themes are contained within the draft Corporate Plan (attached) along with sections setting out the context within which we operate; our ambitions; the Entrepreneurial Council approach; a brief statistical analysis of our District; details of achievements over recent years; linkages to the Medium Term Financial Strategy and how we intend to monitor and report on progress.

### 3 Questions for Consideration

3.1 In considering the draft Corporate Plan, Members are asked to consider the following questions:

- Are the priorities broadly in line with what Members expect them to be?
- Are the case studies provided the best examples of successes over the last year, or do Members feel that there are better examples that should be included? The case studies should demonstrate our approach to delivery as well as what has been achieved.
- Are there any aspects of the presentation of the Plan that Members feel could be enhanced?

### 4. Next Steps

4.1 Comments from this committee will be fed back to officers for consideration for the final version of Corporate Plan.

4.2 The following table sets out the next steps of the Corporate Plan development and approval.

Step	Details	Version	Date
1	CLT	Draft Plan v 1	04/01/16 & 22/01/16
2	Leader's Panel	Draft Plan v 1	25/01/16
3	Prosperous Communities	Draft Plan v 2	02/02/16
4	Policy & Resources	Draft Plan v 3	11/02/16
5	Council	Final Plan	03/03/16

WEST LINDSEY DISTRICT COUNCIL  
CORPORATE PLAN 2016-2020



# Contents

<b>Introduction</b> .....	3
<b>Context</b> .....	4
<b>Our Ambition</b> .....	4
<b>Our Approach – The Entrepreneurial Council</b> .....	5
<b>Delivering Outcomes for Less</b> .....	5
<b>Our District</b> .....	6
<b>Our People</b> .....	6
<b>Looking Back - Our Achievements</b> .....	8
<b>Key Themes and Priorities</b> .....	12
Theme One: Open for Business .....	12
Theme Two: People First .....	13
Theme Three: Asset Management.....	14
Theme Four: Central Lincolnshire Local Plan.....	14
Theme Five: Partnerships/Devolution .....	15
Theme Six: Excellent, Value for Money Services .....	16
<b>Delivery &amp; Governance</b> .....	17

DRAFT

## Introduction

Welcome to our new Corporate Plan which covers the four year period 2016 to 2020. The Plan sets out our revised priorities and objectives, designed to meet the many and varied needs of our district. The Plan is a strategic document which sits next to our Medium Term Financial Plan.

The Plan reflects the challenges facing our district and what people have told the Council is important to them. The Plan does not contain the entirety of the Council's activities, but includes those key actions and areas of activity that we believe will help us achieve our goals.

We recognise that with fewer resources we alone cannot deliver our vision for West Lindsey. We will continue to lobby, influence and work with others in partnership to deliver high quality public services and achieve wider outcomes to make the District a great place to live, work and visit.

Over the last few years, the Council has successfully transformed itself in response to changing environments and reducing government grants. It achieved a first within Lincolnshire in areas such as all Councillors using technology to enable paperless Council meetings; development of a commercial approach to areas normally receiving grant subsidies and investing in the community and voluntary sector. Other projects such as agile working have helped the Council release floor space for commercial income and create a multi public service hub within the Guildhall with Job Centre Plus, Citizen's Advice and the Volunteer Bureau sharing accommodation space and moving towards joined-up service delivery.

In spite of the challenges ahead, we intend to continue to work diligently and imaginatively to deliver against our priorities and to meet the needs of our communities.

Thank you for taking the time to read our Corporate Plan.



Manjeet Gill

Chief Executive - West Lindsey District Council



Councillor Jeff Summers

Leader - West Lindsey District Council

## **Context**

Our future planning takes place at a time of unprecedented, sustained financial challenge. We are now in the sixth year of operating with reduced budgets. To date we have managed to identify and realise the required efficiencies and continue to provide essential services of a high quality. Our customer feedback remains high as we continue to strive to do our very best for the people and businesses of the District. We remain ambitious and are confident in our ability to meet the challenges ahead.

At the same time as operating within a constrained financial environment, we are experiencing rising demand and greater expectations placed on public services by customers. We have to remain sensitive to these issues and explore means of managing demand effectively while enabling access to services via appropriate channels; ensuring no resident is put at any disadvantage.

In the immediate future we, as a council, are extremely keen to work with other Lincolnshire Councils and relevant organisations based in the region, to explore the potential benefits for the region that may arise out of the devolution agenda. To facilitate this we have joined the Greater Lincolnshire Partnership, working with the other councils and relevant bodies to produce a compelling case for specific devolved powers from the Government and control over associated funding. We believe that greater partnership working to address common issues and working at as local a level as possible will accelerate growth and productivity in the region's economy, deliver a step change in the skills base, improve health and wellbeing outcomes, enable the region to be at the forefront of new technologies and deliver radical public service reform for our citizens. In essence the Partnership believes that devolution would enhance our collective financial resilience and establish a sustainable platform for the region to thrive, adapt and innovate.

Of utmost importance for our district is the development and publication of the Central Lincolnshire Local Plan. Work to produce and adopt the Plan has been underway for a considerable time and it is envisaged that it will be completed by the end of 2016. It is vital that the growth needs of the District are supported by the Plan. We will therefore continue to work in partnership with fellow authorities to produce a mutually acceptable solution that will meet the growth needs of the District and also be accepted by our communities.

## **Our Ambition**

Despite the further tightening of financial resources we remain an ambitious council, determined to do the very best for our communities. We wish to deliver growth and economic development primarily led via the development of housing appropriate for all sectors of our communities. In hand with this is our ambition to promote job creation and skills development, especially among our young people. The Council also has a desire to create safer, stronger and more resilient communities where self-help, volunteering and co-production become widespread. In addition, we also recognise the need to promote the beauty and heritage of our District by promoting events and also ensuring that a wide-range of leisure and recreational activities are available for our communities.

## **Our Approach – The Entrepreneurial Council**

The Entrepreneurial Model has been a model that has provided the template to improve and change since 2011. It has meant that the Council has been ahead of the financial curve, banking savings for reductions in revenue budgets a year ahead of cuts to grants. However, 2015/16 has seen a further challenge to reduce costs or increase income as cuts to government grants actually accelerate.

So what is the Entrepreneurial Council Model? It is about three things:

1. Investing in communities to help themselves and others – this ranges from commissioning the voluntary/community sector to the use of technology to enable more self-help in access to public services. Additionally it requires innovation in how outcomes are delivered as opposed to reliance on services provided by the public sector.
2. A more commercial council – this concerns increasing income through trading opportunities within existing areas as well as identifying new opportunities that align with residents' needs. Examples where we are exploring moving from grant subsidies to surplus income exist in the provision and commissioning of leisure services and other examples concern Corporate Fraud investigation, Trade Waste and Building Control Services. An increased focus on securing external funding to fund the Districts' needs has witnessed successes such as the County's largest Lottery award in 2015 for Newtoft and over £750,000 WREN funding for Gainsborough. Funding provided by the Homes & Communities Agency (HCA) has helped fund management salaries and site preparation for Gainsborough related housing schemes. We need to continue to work in the same vein.
3. Modern, innovative and collaborative Council – utilising the best of technology and commissioning delivery to achieve outcomes is the key aspect of this theme. The key skill is understanding the outcomes we are seeking to deliver and the effectiveness of current functions to enable improvement.



## **Delivering Outcomes for Less**

In 2016 we need to gear up to deliver outcomes for less. With a reduced financial envelope of circa £1.5m by 2017/18, nothing short of fundamentally challenging what we do and how we do it, in a more customer focused and more cost effective way, is critical. Under the guiding principles of the Entrepreneurial Council approach there are four strategic objectives to our delivery:

1. Delivering a surplus – focussing our commercial activity on trading and securing external funding
2. Investing in communities – building a strong resilient community through strong voluntary and community infrastructure
3. Delivering customer focussed priorities – through commissioning and assessing the best means of meeting priorities
4. Growth – ensuring the Central Lincolnshire Local Plan, Gainsborough Growth Plan, addressing infrastructure needs such as A15 improvements and delivering on our



agri-food commitments, will inform prospective growth in National Non-Domestic Rate (NDR) receipts which can be re-invested to support further growth.

## **Our District**

The West Lindsey district is located in the north west of Lincolnshire covering an area of 1,156 square kilometres. Although the district's major population centre is Gainsborough, it also has the two market towns of Market Rasen and Caistor. The Lincolnshire Wolds run through the District and contain an Area of Outstanding Natural Beauty (AONB) which we strive to maintain yet also promote.



## **Our People**

**Population:** West Lindsey's population of 91,800 is largely evenly distributed across a wide and sparse rural area; as of 2011, just three wards had a density over 300/km<sup>2</sup>, and the district as a whole has a density of 79/km<sup>2</sup>. Nonetheless, West Lindsey is no longer the sparsest district in Lincolnshire, having overtaken East Lindsey sometime during 2012. We lose young people to higher education outside the area. Currently (2011 Census), the district has the lowest proportion of over-85's in Lincolnshire outside Lincoln, but has an older population profile than England and Wales. The population is ageing at a faster rate than the population nationally.

**Employment:** Unemployment rates for West Lindsey as a whole are slightly higher than the regional and national averages, however, there are pockets of unemployment well in excess of the national average in Gainsborough. The JSA claimant count across the District (as at Nov '15) was 2.2% compared to a national figure of 1.6%. About one third (0.7%) of these people are classed as long term unemployed (out of work for 12 months or longer). Nationally, figures advise that 0.4 % of the claimant count is classed as long term unemployed.

In terms of youth unemployment the JSA claimant count amongst 18-24 year olds stood at 5% in November 2015, notably higher than the national average of 2%. Approximately one

quarter of these (1.25%) have been unemployed for longer than 12 months (although uneven Universal Credit introduction may have some effect).

West Lindsey has a slightly lower proportion of its working age population with no qualifications (14%) and a lower proportion with level four qualifications or above (28%) than the national averages (15% and 30% respectively). The major employers in the District are in the manufacturing, wholesale/retail, health and social care, and the public sectors. Over 80% of businesses in West Lindsey are small, employing less than four people. Manufacturing is largely concentrated in Gainsborough.

**Deprivation:** The West Lindsey overall ranking for deprivation is 152 out of England's 326 local authorities (where 1 = most deprived and 326 = least deprived). However, there are significant variations in terms of deprivation across the District with a third of West Lindsey's Census areas in the most deprived fifth of Census areas in the entire country, and the centre of Gainsborough ranking in the 1% most deprived.

West Lindsey's child poverty rate (2012), at 16.10%, is below the national average of 18.60%; nonetheless, it compares closely with the county's average of 15.70%. However, within West Lindsey this ranges from 6.20% in Middle Rasen to 36.90% in Gainsborough East. The remainder of Gainsborough, Hemswell, Torksey, Wold View and Market Rasen are also sources of high child poverty.

Across the District, 22.7% of households suffered from fuel poverty in 2012. This compares to a national figure of 10.4%. Aged and poorly maintained accommodation available in rural settlements may account for this phenomenon. Unlike other forms of poverty and deprivation, fuel poverty appears to be more even across the district, and less focused on Gainsborough, although less-affluent areas such as Hemswell are among the most affected.

**Health:** Average life expectancies for West Lindsey residents have improved over time, but remain approximately equal to the England and Lincolnshire averages. Looking across the district, in 2009 there was a thirteen and a half year gap (men) and a thirteen year gap (women) between the highest and lowest life expectancies.

Childhood obesity levels in West Lindsey are slightly lower than the Lincolnshire averages. West Lindsey has 55% of residents who do not manage any physical activity per week contributing to a recorded adult obesity rate of 13.3% (25.0% modelled). The rate of stays in hospital due to alcohol related harm, the rate of stays in hospital due to self-harm, and the rate of smoking is lower than the average for Lincolnshire.

**Crime:** Crime across West Lindsey as a whole tends to be low, with all recorded crime in 2013/14 at 41.4 per 1,000 residents, and a slight declining trend since 2010/11, when it was 57.3. Around a quarter of all crime in West Lindsey occurs in the Gainsborough South-West ward, which in 2013/14 recorded a rate of 200.0 per 1,000. Theft and criminal damage account for over 40% of all crimes in West Lindsey.

## **Looking Back - Our Achievements**

Over the period of the previous Corporate Plan we have achieved a great deal across a number of issues. To achieve success, the Council has recognised the role it is required to play in each particular circumstance, whether that be leading from the front, facilitating and steering discussion and action among relevant partners, or tasking delivery on the part of others.

Some examples of our successes are detailed below.

### **Localism**



Our Localism team has been extremely active in working with our communities to secure external funding to support community based initiatives. This has resulted in over £2.6m being made available across the District to enable communities to develop and thrive and 165 individual projects developed. In addition the Council has awarded almost 400 individual grants totalling over £750,000 to support community based schemes, which in turn have levered external match funding in excess of £850,000. Furthermore, the Localism Team has worked to encourage volunteering across the District, resulting in almost 49,000 volunteer hours undertaken. This equates to over £500,000 of social value invested across our District.

### **Leisure & Wellbeing**



We have continued to invest effort into the promotion of The Trinity Arts Centre, which has born real dividends. A few years ago the venue faced the real risk of closure, but through the efforts of the Council, voluntary groups and patrons, the Centre is now thriving and the annual subsidy the Council provides for its operation has greatly reduced. Average attendance numbers have risen by 75% and the availability of select-a-seat on-line booking facilities has been a welcome development.

Over the lifetime of our previous Corporate Plan we have also witnessed a 45% increase in users of our Leisure facilities with over 320,000 visits in 2014/15. Our on-going commitment to the promotion of healthy lifestyles is a key aspect of our future priorities.

### Public Services Hub



During the last 18 months we have incorporated Job Centre Plus and The Citizen's Advice Bureau into our offices at The Guildhall to join our existing tenants from Lincolnshire County Council. The creation of a Public Services Hub was designed to provide joined-up complementary services to our customers. This intention has been fulfilled and has also provided closer working opportunities across the respective organisations to further support our customers. This model of joint working has been recognised nationally and is now intended to be rolled out across the country.

Within the Hub, we have installed 11 public access terminals to enable digitally excluded customers to access services and information on-line. These have proved to be extremely popular and form part of our 'assisted serve' customer access work to support our customers in becoming more familiar and confident in accessing on-line services.

### Property & Assets



The Council has been active in purchasing properties (both commercial and residential). This has increased the Council's asset base and returns on investment and has also provided stimulus to the market. We have renovated and offered for re-let the properties we have purchased to help to improve the condition of the housing stock across the District, particularly in the South West Ward of Gainsborough.

To support and direct our activity in this regard we have also compiled and published the Council's Property and Land Management Strategy 2015-2020. This key document has been welcomed by our Members and other stakeholders alike.

### Revenues Collection



Despite the prevailing financial environment, our Council Tax and Business Rate teams have worked diligently to ensure the traditional high collection rates for both have been maintained. This has resulted in collection rates for 2014/15 of 98.23% and 99.17% respectively. These are amongst the highest collection rates in the country.

High collection rates maintain the integrity of the system and also ensure that financial resources are available to fund vital public services.

## Regeneration & Economic Development



Significant work has been completed to progress the Central Lincolnshire Local Plan with the draft version having completed two rounds of public consultation. The Plan provides a settled evidence base to support substantial economic growth and housing targets. The final version is due for publication in April 2016 followed by public enquiry in September 2016, with full adoption anticipated by the end of 2016. In relation to the agri-food sector, significant support has been provided in the form of linking activity across Central, North East and South Lincolnshire, to create a regional hub. Work has also progressed to form a proposal for the creation of a Food Enterprise Zone (FEZ) based on 26ha of land allocated for large scale food processing at Hemswell Cliff and five acres of land allocated for Research & Development at the Lincolnshire Showground.

The Gainsborough Growth Fund has witnessed strong take-up to support the existing engineering base and to expand and modernise it. Skills issues amongst NEETS have also been addressed via the development of bespoke skills programmes based on mentoring/apprenticeship schemes. Further work is planned to bring enhanced engineering and construction skills to the Gainsborough College Campus.

In respect of regeneration, we have developed a blended programme for housing projects combining physical and social regeneration. This is supported by a detailed capital programme for delivery. A masterplan for housing through a Local Development Order process is in place to effectively grant planning permission for up to 450 high quality homes and a linear Riverside Park. Gainsborough Town centre has developed a heritage plan and early works have commenced to improve Trinity Street in Gainsborough. Further work is planned for the South West Ward of Gainsborough to improve the public realm and social environment.

Over the last four years, the number of empty homes across the District has reduced with over 320 properties brought back into use. The Council has taken a pro-active stance to achieve this position by working effectively with landlords and also by taking direct action; including Compulsory Purchase Orders. By working to improve the physical fabric of our District we have taken a lead in the regeneration of our communities and also increased the supply of affordable housing available for our residents.

**Excellent Value for Money Services**



To achieve the strategic capacity and capability the Council requires to deliver excellence, Strategic Leads have been appointed to oversee new groupings of service area clusters. The new structure provides the ability to assess the medium term outlook and the potential opportunities and challenges the Council may face in respect of key strategic themes.

To help to improve our services, in addition to conducting internal reviews, we have commissioned a series of external peer reviews. These have been undertaken by colleagues across the local government sector and have provided the opportunity to discuss best practice and to also obtain objective analysis of aspects of service delivery such as performance, costs, processes, workloads and importantly customer satisfaction. The findings of the reviews have been used to form time-framed action plans for improvement; the delivery of which are overseen by senior management and Members.

**New Website**



We have successfully launched our new website and shall continue to develop the site to meet our customers growing requirements. Their experience will be greatly enhanced by improved accessibility to information and key services will be more widely available due to the ongoing development of self-service. This in turn gives us a platform for growth as well as helping to provide an efficient cost-effective service. Since the soft launch of self-service in September 2015 we have over 750 individual registered self-serve users. This take-up continues to grow.

These achievements provide a brief overview of some of the work the Council has undertaken directly, or has been involved in supporting over the last four years.

## **Key Themes and Priorities**

To address recognised issues and challenges, we have identified five key themes under which our priorities and desired outcomes have been developed. Additionally we have detailed a sixth 'internally facing' theme 'Excellent Value for Money Services' which underpins the way we conduct our business based on an entrepreneurial approach.

We are keen to illustrate to our residents and communities how the priorities contained within the Corporate Plan are relevant to them. To assist in this we have grouped our residents and stakeholders as follows:

- A. Children and Young People
- B. Those of Working Age
- C. Families
- D. The Elderly/Retired
- E. Those Suffering From Ill Health and/or Disabled
- F. Businesses
- G. Staff

The focus of each theme, their priorities, desired outcomes and the sections of our communities who will most benefit are set out in the tables below. To be in a position to deliver against our priorities, there is a direct correlation between the commitments we have set out in our Corporate Plan and the activity aligned under our key strategic themes as detailed in the Council's Medium Term Financial Strategy (MTFS). This sets out the five year time horizon for the Council and details where possible the proposals being considered to deliver a sustainable financial position. These are our two main strategic documents and it is essential therefore that they complement each other.

### **Theme One: Open for Business**

We need to position the District as one that is really attractive for current and potential employers. Key to this is the delivery of appropriate housing across the District to support our growth ambitions. It is proposed that a growing population will attract inward investment, job creation and greater prosperity. We will also work to guarantee that businesses are effectively supported in their growth ambitions and that we actively promote and expand the agri-food sector within the District. Additionally we need to also ensure that any skills gaps that may exist are understood and addressed to enable business to flourish. We also recognise that we operate in an attractive District that has yet to fully unlock its tourist potential and will seek to remedy this state of affairs.

<b>Theme</b>	<b>Priority</b>	<b>Outcomes</b>	<b>Beneficiaries</b>
Open for Business	1. To attract inward investment	Secure development of employment land	A,B,C,D, F
	2. To retain, support and facilitate the growth of business in the District	Retain and increase employment opportunities in the District	A,B,C,E,F

	3. Housing led economic growth	1. West Lindsey is the place of choice to live 2. A sustainable and thriving economy 3. Sustainable neighbourhoods	All
	4. Understand and address the skills gap in the District	1. A balanced workforce 2. Appropriate skilled work for young people	A,B,C,E,F,G
	5. Promote and expand the agri-food sector	Sustainable employment is created	A,B,C,E,F
	6. Understand and promote the value of the visitor economy	1. Diversity in quality of life 2. Increased exposure and increased footfall in day and overnight visits	All

## Theme Two: People First

Ensuring that we understand and meet the needs of our residents is what the Council is all about. This takes many forms; from enabling convenient and appropriate access to services; joined-up where appropriate, providing cultural, leisure and arts facilities, working to provide suitable housing across the District and promoting and supporting well-being, healthy lifestyles and safe, vibrant communities. A cross-council and partnership approach is key to the success of this theme. To be successful in this, we recognise the role we must play is one of leadership and influence across partner organisations and boundaries. The role our staff play in delivery of our outcomes is a key consideration in this theme and the Council will support them to do this.

Theme	Priority	Outcomes	Beneficiaries
People First	1. Ease and convenience of access to a range of public services offered by the Council and partner organisations	Residents receive the services they require and are satisfied	All
	2. Enhance and maintain a safe, natural and built environment	Improved street scene and green spaces	All
	3. Meet local housing needs and aspirations	Residents can live, grow and remain in the District	All
	4. Increase opportunities for arts, culture, night-time economy, sport and leisure for residents	Greater diversity of offer to improve quality of life and promotion of healthy communities	All



### Theme Three: Asset Management

To support our entrepreneurial and commercial aspirations the effective yet creative use of our land and property assets is a key driver. We will use our assets to drive and facilitate inward investment and to also provide social benefits to our communities. We will ensure that our assets are in a good state of repair and our commercial tenants record high levels of satisfaction. We will strive to maximise sustainable returns on our current assets and take a strategic approach to disposals. The acquisition of any new assets will focus on maximising return on investment but will also take account of appropriate social returns where relevant.

Theme	Priority	Outcomes	Beneficiaries
Asset Management	1. To develop and maximise the return on and value of our asset base	Reduced value of subsidy on delivering services and getting the most out of Council Tax receipts	A,B,C,D,E,F
	2. Maximise the benefits of our assets for our communities	Improved environment within which people live and work	A,B,C,D,E,F
	3. Utilise our asset base to facilitate inward investment	Generate greater social, economic and environmental return and benefits	A,B,C,D,E,F

### Theme Four: Central Lincolnshire Local Plan

The adoption and implementation of a Central Lincolnshire Local Plan is of key strategic importance to the District so that our growth needs are met in a sustainable manner. We will ensure that while the Plan is in development our needs are championed and that communication of the Plan across the District is effective and comments and opinion are fed back into the process. Once adopted, we will seek that our immediate growth plans are implemented and review mechanisms are effective. In addition, we will review our future approach to spatial planning policy.

Theme	Priority	Outcome	Beneficiaries
Central Lincolnshire Local Plan	1. Local Plan is adopted	Local Plan helps deliver sustainable, integrated delivery of following outcomes: jobs, housing, environmental enhancements and infrastructure	A,B,C,D,E,F
	2. Establish the appropriate number of Neighbourhood Plans required across the District and ensure they are supported and developed	<ol style="list-style-type: none"> <li>1. Local needs are understand and aspirations are met</li> <li>2. Neighbourhood Plans, where required, are delivered</li> </ol>	A,B,C,D,E,F
	3. The key growth and regeneration	Gainsborough grows in a sustainable manner in	A,B,C,D,E,F

	priorities for Gainsborough to deliver Local Plan priorities are identified in the Gainsborough Chapter of the document	terms of housing, jobs, infrastructure and environmental enhancements	
	4. Infrastructure that meets the housing and growth priorities for West Lindsey	Greater Lincolnshire funding for infrastructure improvements is obtained to support the District's growth ambitions	A,B,C,D,E,F

### Theme Five: Partnerships/Devolution

The attainment of devolved powers and/or greater emphasis on partnership working across Greater Lincolnshire is a major focus for the Council. It is envisaged that such an achievement will enable greater joint working at a more local level to deliver better, sustainable, yet more cost effective outcomes. Partnership working is crucial in this regard. Additionally, we recognise the importance of creating commercial partnerships and Joint Ventures to support our commercial ambitions and will explore such possibilities.

Theme	Priority	Outcome	Beneficiaries
Partnerships/Devolution	1. To work in partnership to explore opportunities for joined-up service delivery (deliver improvements in housing, infrastructure, agri-food, manufacturing and engineering, visitor economy, skills, water management, health and public protection)	Accelerated growth and delivery across Greater Lincolnshire in a more cost effective manner	All
	2. To work with national and regional organisations to deliver services locally	<ol style="list-style-type: none"> <li>1. Improved networks and connectivity</li> <li>2. Greater decision making and empowerment at a local level</li> </ol>	All

	3. To build successful commercial partnerships and Joint Ventures	Improved economic health of both the District and Council	All
	4. To work with partners to deliver local services at as local a level as possible	<ol style="list-style-type: none"> <li>1. Improved and more resilient services, communities and residents</li> <li>2. Improved response to local circumstances</li> </ol>	All

### Theme Six: Excellent, Value for Money Services

Despite financial constraints we will continue to ensure that the services we deliver are high performing at acceptable cost, with the customer at the heart of service delivery. We will also look to adopt the most effective service delivery models and make use of performance data and benchmarking to drive continuous improvement. Continued investment in, and appropriate training and development for staff, will lead to the creation of the motivated, entrepreneurial workforce we wish to see. Additionally we are conscious of our social and environmental responsibilities and therefore will endeavour to conduct our business while simultaneously looking to reduce our carbon footprint.

Theme	Priority	Outcome	Beneficiaries
Excellent Value for Money Services	1. Explore alternative delivery models which ensure the effective use of resources	Excellent services that provide value for money	All
	2. Deliver a customer first culture across the Council	Customers at the heart of service delivery	A,B,C,D,E,F
	3. Develop a workforce of high skilled, motivated staff to deliver in an entrepreneurial manner	High performing, innovative Council with high levels of customer satisfaction	All
	4. To be a high performing Council at a cost affordable to the residents of the District	<ol style="list-style-type: none"> <li>1. Improved decision making to support appropriate levels and quality of service provision</li> <li>2. Culture of continuous improvement evident across the Council</li> </ol>	All

It is acknowledged that some overlap exists between the themes, but in all areas, we will maximise the potential of our work by ensuring that all programmes and activities link

together, stimulating creativity and innovation to extend and add value to each area of activity within existing resources.

### **Reporting on Progress**

Our Corporate Plan is a four year document, setting out the key priorities and areas of activity for the Council up to 2020. We will review the Plan at appropriate stages of its lifespan.

The Corporate Plan is supported by a series of associated strategies, including the key Medium Term Financial Strategy which sets out how we intend to fund our Corporate Plan activity and set a sustainable balanced budget year on year. Flowing from this, business plans and service plans are developed each giving additional detail about how our services will contribute to the delivery of council priorities, together with their statutory responsibilities. In turn the aims and objectives of business and service plans produce individual objectives for staff and inform their personal development needs. In essence our robust performance management and governance framework forms the 'golden thread, ensuring that all activity, from that of the individual staff member upwards, supports the achievement of our Corporate Plan priorities.

We will review progress against the development of projects implemented to achieve Corporate Plan priorities on a quarterly basis. In addition we will also report against appropriate measures which track the performance of service delivery. This combined report will be presented to Members and the public alike.

Over the lifespan of the Plan we intend to publish the following publications:

2016/17 – Launch of the Plan setting out priorities and desired outcomes

2017/18 – A report detailing actions contained within business plans to support delivery of Corporate Plan objectives

2018/19 – A report detailing success and work still to complete

2019/20 – A report detailing achievements over the lifespan of the Plan

### **Delivery & Governance**

So, our Corporate Plan has detailed how the Council's priorities will be delivered. The Council's Corporate Leadership Team will provide leadership with each of their objectives aligned to our corporate themes. The principle of delivering outcomes for less will be our main focus and responsibility for delivery will cascade through the Council. Our Entrepreneurial Board will provide overview and ensure objectives are scoped with effective delivery plans and resources allocated. Such governance will illustrate the concept of the 'golden thread' with business and service plans and individual work objectives all commonly aligned to achieving our goals.



CPR.06 16/17
Corporate Policy & Resources Committee
12 May 2016

**Subject: Progress and Delivery Report – Services – 4<sup>th</sup> Period Report – March 2016**

Report by:

Director of Resources

Contact Officer:

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Purpose / Summary:

This report deals with the progress and delivery of the services the council provides. It is an “exceptions” report and will deal with those services which are either performing above the required level or are below the target set for them. The report will also update members on those areas which were included in the first quarter report and have subsequently improved and therefore are not included in this report.

**RECOMMENDATION(S):**  
 1) That the Committee examine the report and assure themselves that the arrangements in place to oversee Services across the Council are effective.

**IMPLICATIONS**

**Legal:** None arising from this report

**Financial :** FIN/22/17 None

**Staffing :** None arising from this report

**Equality and Diversity including Human Rights:** None arising from this report.

**Risk Assessment :** None arising from this report

**Climate Related Risks and Opportunities :** None arising from this report

**Title and Location of any Background Papers used in the preparation of this report:**

**Call in and Urgency:**

**Is the decision one which Rule 14 of the Scrutiny Procedure Rules apply?**

Yes

No

**Key Decision:**

Yes

No

## **1.0 Background**

- 1.1 Councillors have received progress and delivery reports since 2012. They have sought to give councillors information on how the council is performing through its services, project delivery and finances. This has given councillors the opportunities to question officers on performance and ensure that any rectification measures proposed to remedy poor performance are sufficient to tackle the issues identified.
- 1.2 This report is about the services the council is delivering in order to meet the objectives it has set itself in the corporate plan.
- 1.3 For clarity this report will provide information on those services that are either performing below their target level or have exceeded the performance expected of them. This will be done within certain tolerance levels therefore services which are just below their target performance will not be reported at this stage, but will be monitoring through the council's services leadership team. Generally explanations and rectifications are given where an aspect of a service is performing below the required standard.
- 1.4 In addition the report will contain information on services which were included in the last period's exceptions report, but have subsequently improved to the extent that they are not included in this report. This is to demonstrate to members that remedial measures which have been put in place are working.

## **2.0 Update on Issues highlighted in the Third Quarter report**

- 2.1 **Complaints received**  
Complaints continued at a similar rate during the last quarter. A separate report on feedback will be brought to policy committee later in the year. Planning continued to represent over 30% of the total number of complaints.
- 2.2 **Gainsborough Markets**  
This service has recently become the responsibility of the Projects and Growth Team who are currently exploring the options to improve this service. A separate paper was taken to Prosperous Communities Committee in May.
- 2.3 **Local Land Charges**  
  
Performance has improved and is now below the target of ten days for returning a search. This does come at a cost and although work is ongoing to secure a IT solution for the longer term.
- 2.4 **Development Management**

Performance against the key measures continues to improve and is now above the government set targets. However complaints have continued at similar levels throughout the year whilst allowed appeals are higher than we would like. A restructure is currently being implemented and is expected improve the situation further.

#### 2.6 Enforcement

Demand within the Enforcement Team has increased over the last quarter and has caused the length of time to resolve cases to become extended. The resource requirement in this team is currently being reviewed.

### **3.0 Measures to highlight for this quarter not already mentioned**

#### 3.1 Assets and Facilities Management

The level of customer satisfaction for this team is higher than the target set and should be recognised. In addition the work undertaken on reducing void periods for property for rent has taken this measure to below 5%, ahead of our target and appropriate benchmarks.

#### 3.2 Council Tax

The council tax collection rate for 2015/16 is 98.34% which is an increase of 0.11% from the previous years' total which in monetary terms equates to an increase of £23,000.

The liability for council tax increased by £1.474 million for 2015/16 and the team collected just under £1.5 million more than 2014/15.

An additional 425 council tax properties were brought into the valuation list by the Valuation Officer during 2015/16 and we have just over 5,000 council taxpayers paying by 12 monthly instalments compared to 4,000 at the end of last year. We also now have just over 75% of council tax payers paying by direct debit.

National non domestic rate collection for 2015/16 also improved from 2014/15 by 0.27% to 99.44% despite an increase in liability over the year of £232,000.

#### 3.3 Trinity Arts

Cost of delivery – early indications from the closedown process are that the Centre operated on a deficit of circa £65,000 last year which compared to £96,000 the previous year shows significant improvement. This is also below the £80,000 target set, being the cost of maintaining the building as empty.

The surplus from the artistic programme was £56,600 against a target of £36,000. This demonstrates effective programming, and the fact that we are securing shows on financially advantageous terms and keeping other costs down.



Audience figures were 17,600 against a target of 9,600 with an average occupancy of 57% across all performances.

#### **4.0 Highlights from areas not mentioned above**

4.1 Whilst this is an exception report which deals primarily with under or over performing measures, we would like to provide members with a flavour of activity currently ongoing in those areas which are on target and delivering as anticipated.

4.2 Home Choices has been actively seeking to improve on its performance indicators. Whilst the cost of homelessness has fallen to the Authority thanks to a new approach, there has been an audit of the CBL (housing register) system and associated processes. This has validated concerns raised by the service relating to Acis nominations performance, wider strategic CBL partnership and ICT functionality and stability. A significant amount of work and intervention from WLDC during the quarter has led to improved Acis nominations performance, along with tracking of nominations activity.

We are pleased to advise that a home choices advisor has been nominated for a 'young future housing leaders' award and has been shortlisted to the top 30.

4.3 The HR Team have been busy supporting managers with absence management. The absence figures for the year 2015/16 are the lowest they have been at 6.16 days per FTE, there are a number of supporting reasons for this and specifically the proactive management of absence.

The staff survey was conducted in the summer of 2015 and an enthusiastic group of staff members have formed a focus group to work on proactive solutions to the themes identified in the survey. A further survey will be explored by the group in 2016.

March 2016

Service	Baseline	Cumulative	Target	Actual	Explanation	Rectification
<b>Assets &amp; Facilities Management</b>						
Customer Satisfaction (internal tenants) (G)	66%	Annual	66%	83.5%	-	-
Maintenance Fund (G)	New measure		70% planned 30% unplanned	82/18	Planned maintenance that has been funded from reserves has been reflected in the revenue budget and caused a swing toward planned maintenance.	- -
Void Rate (%) (G)	14%		10%	5	-	-
<b>Building Control</b>						
Cost of delivering the Building Control service (G)	£18,768		£4,977	-£8,715	-	-

Cost of delivering the Building Control service per head of population  (G)	New measure		£0.06	-0.10	-	-
<b>Benefits</b>						
Overpayments created – overpayments collected  (R)	New measure		50%	63.98	In-year overpayments has increased resulting in a higher than normal recovery rate as new overpayments are being recovered from on-going entitlement as a first recovery option.	-
End to End processing times for Housing Benefit and Council Tax Support (mean)  (G)	3.6		6	2.5	Due to volume of changes processed urgently for the New Year calculations, the monthly	Seasonal

					processing times have improved dramatically (at the cost of the new claims average time to process figure).	
<b>Corporate</b>						
Percentage of demand received through self-service  (R)	New measure		90	26%	This was an ambitious target and plans are currently being developed to ensure we know how we intend to achieve a revised target for 2016/17.	-
Percentage of calls answered  (G)	New measure		85	92%	-	-
Staff Absenteeism  (G)	-		0.625	0.38	-	-
Complaints  (R)	95		72	144	-	-
<b>Council Tax</b>						

Council Tax in year collection rate  (G)	98.23%		98.0%	98.34%	Increase on last year's collection rate equating to a total of £23,000. But the amount of council tax to be collected increased from 2015 to 2016 by just under £1.5 million by just under £1.5 million so the team actually collected an additional sum of £1,497 million compared to 2015.	-
NNDR in year collection rate  (G)	99.17%		99%	99.44%	Increase on last year's collection by 0.27%.	-
Cost of delivering the Council Tax service  (G)	£300,370		£243,108	£221,724	All court costs posted	-
<b>Customer Satisfaction</b>						
Customer contacts received through	New measure		10	23%	This was an ambitious target	-

phone and face to face  (R)					and plans are currently being developed to ensure we know how we intend to achieve a revised target for 2016/17.	
<b>Democratic Services</b>						
Total cost of member and support services per number  (G)	New measure		£1,528	£513	Employee insurance profiling issue	Profiling issue resolved
<b>Economic Development</b>						
Cost of providing the Economic Development service per head of population  (R)	-		£0.34	0.39	Salary variations and maternity leave have caused March to be higher than target. However the year to date position is £.26 per head of population	-
Number of business assisted  (G)	-		200	248	-	-
<b>Enforcement</b>						

Time taken to resolve a housing enforcement request (R)	59		60	88	The demand on the service has increased in 15/16	Review of resources is being undertaken.
Time taken to resolve a planning enforcement request (R)	61		90	191	The service has seen an increased demand and has less resources available to deal with this.	Review of resources is being undertaken.
Housing enforcement requests received (R)	116		120	146	The service has experienced consistent and high demand since January 16	Review of resources is being undertaken.
Planning enforcement requests received (R)	266		264	248	The service has experienced consistently high levels of demand during 15/16	Review of resources is being undertaken.
<b>Environmental Protection</b>						
Cost of delivering the Environmental Protection service per head of population	-		£1.08	£1.23	Changes in budget codes due a change in salary allocation. The proposed income	Re-align budgets in accordance to salary allocation. Realistic income targets for the service

(R)					was also not achieved.	
Nuisance complaints completed within timescales  (G)	-		95%	100	-	-
Cost of delivering the Environmental Protection service  (R)	-		£95,904	£109,875	-	-
<b>Food Safety</b>						
Customer Satisfaction  (G)	-		80%	100%		
<b>Home Choices</b>						
Cost of temporary accommodation  (R)	£44,481		£47,604	£24,058	This is significantly reduced due to a change in TA provision during the period.	New model of delivering temporary accommodation was delivered in Feb.
Number of applicants rehoused	309		444	277	Dependent on number of void	Continue to work closely with Acis.



per year from the housing register  (R)					properties. Improvement plan with Acis has ensured that allocations are policy compliant.	
<b>Healthy District</b>						
Customer Satisfaction of leisure facilities and activities  (G)	98%		80%	96%	Customer satisfaction remains high across all three facilities.	-
Cost of Leisure Management fee per service user  (G)	-		£1.20	£0.74	Good usage of the centres providing good value of money	-
New participants at West Lindsey Leisure facilities  (G)	-		28700	31,791	Performance well ahead of target. New users being attracted to facilities by marketing activity and high quality provision.	-
Percentage of Client Support programmes that are completed	New measure		70%	100%	Health Trainer team currently in process of redundancy and	-

(G)					getting all records up to date.	
<b>Housing</b>						
Average days from DFG approval to completion  (R)	New measure		60	68	The measure was 8 days above target for this month due to complex cases.	No action required. The overall timescale is still within the target for the completion of works
The average spend per DFG  (R)	£3,769		£3500	4624	The number of large complex grants has increased in year.	No action needed
Number of affordable homes delivered  (R)	59		48	29	The number of sites on which affordable housing has been delivered has decreased. This is mainly due to changes in government grant levels and a lack of funding for the delivery of affordable housing.	The Council is engaging with the HC in regards to future delivery. However it is likely that delivery of affordable homes will decrease generally moving forward

Total spend on completed disabled facilities grants  (R)	-		336996	1620828.27	Remaining budget allocated to jobs for completion.	No action needed
<b>ICT</b>						
Incident and Problem Management  (G)	New measure		85%	91.79	-	-
Change Management  (G)	New measure		50%	121.82	-	-
Service and System availability  (G)	New measure		98%	100	-	-
Service and System availability: Secure Network  (G)	New measure		98%	100	-	-
<b>Local Land Charges</b>						

<p>Cost of delivering the Local Land Charge service per head of population</p> <p>(R)</p>	<p>New measure</p>		<p>-£0.02</p>	<p>0.00 (Return for March)</p>	<p>The service is still very resource heavy due to the paper based process; meaning that at times of high demand, backlogs ensue and additional resource has be drafted in at short notice causing a spike in costs which is not necessarily covered by any increase in income.</p> <p>Our current IT system does not allow access to certain elements of raw data by members of the public or personal search companies which means certain information has to be collated</p>	<p>Implement a new ICT system in conjunction with Development Management and Building Control. This system will...</p> <ul style="list-style-type: none"> <li>* Allow all data to be held digitally and interrogated with as few clicks as possible</li> <li>* Pertinent parts of the system can be locked down to allow raw data to be accessed by the public, thus allowing the authority to charge if customers wish to have this data collated and presented in a particular format</li> <li>* An appropriate IT system will ensure that the service is more resilient and will allow the team to explore other income generating ideas and market the service to past lost customers.</li> </ul>
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					free of charge by the service, which means certain resource costs are not covered.	
Time taken to process a search (G)	10		10	6	-	-
Cost of delivering the local land charge service (G)	-		£-22,896	-102,186	-	-
Income lost to private search companies (R)	£104,500		£104,496	£116,366	Because of the fragility of the Local Land Charges service and its propensity for backlogs, there has been no active market of the service to potential clients nor any attempt to claw back market share	Implement a new ICT system in conjunction with Development Management and Building Control. This system will...  * An appropriate IT system will ensure that the service is more resilient and will allow the team to explore other income generating ideas and market the service to past lost customers.
<b>Localism and Community Safety</b>						

Investigated community safety reports (G)	118		1368	51	Performance under projected target	Unsure of the reasons why a target is assigned to this measure
<b>Markets</b>						
Satisfaction levels of Gainsborough market traders (G)	86%		66%	77%	-	-
The number of stalls on a Tuesday (R)	-		66	40 (average)	Markets has been managed by the Localism Team during 2015/16 and was passed to Projects and Growth in March. There has been little time to address the poor performance in 2015/16	In view of this, a review is being undertaken to look at options for outsourcing the market to be presented to PC in September. Note that the operation is now with Operational Services
The number of stalls on a Saturday (R)	-		30	21 (average)	Markets has been managed by the Localism Team during 2015/16	In view of this, a review is being undertaken to look at options for outsourcing the market to be presented to PC

					and was passed to Projects and Growth in March. There has been little time to address the poor performance in 2015/16.	in September. Note that the operation is now with Operational Services
<b>Planning</b>						
Percentage of majors determined within gov guidelines (G)	-		50%	75%	Performance is exceeding government targets	-
Invalidity Rate (R)	92%		20%	54%	Data has now been captured to understand the reasons for invalids.	Work with 'frequent' offenders to reduce invalid rate, increase awareness through supporting material
Percentage of others determined within gov guidelines (G)	49%		80%	97%	-	-

Percentage of appeals that are allowed (R)	-		20%	36%	38 decisions have been appealed of which 22 have been determined and 8 allowed. Of the 22 determined, 5 were committee overturns of which 4 were allowed.	
<b>Public Protection</b>						
Nuisance complaints completed within timescales (G)	-		95%	100%	-	-
<b>Street Cleansing</b>						
Complaints (G)	New measure		12	2	Performance ahead of target mainly due to well motivated, well trained workforce. Absence levels low so few issues with replacement staff who possess less knowledge.	-



Compliments (G)	New measure		12	16	Performance on track	-
<b>Systems Development</b>						
LLPG Standard (G)	New measure		Achieve National Standard	Gold (3 above ANS)	Achieve 3 levels above target	Nothing, this is the best we can be. Just need to maintain this standard ideally.
Website Availability (G)	New measure		98%	100	Excellent proactive monitoring of servers	Ensure we keep the same standard
<b>Trinity Arts Centre</b>						
Cost of Trinity Arts Centre per user (G)	-		£7.07	£4.75	Good audience numbers providing value for money	-
Audience Figures (G)	16,988		9600	17619	Good attendance at performances.	-
Event Occupancy (G)	55%		50%	64%	Good audience numbers and attractive programme	-

Cost of delivering the Trinity Arts Centre (R)	-		£80,004	£85,556	Ahead of tolerance levels set but significantly under budget.	The tolerance levels set for TAC were for controllable costs and the reported figures have been lifted from the general ledger. The end of year figures have added in depreciation and postage recharges which we do not have any control over or are not aware of before year end. If we remove these from the total cost, the end of year position according to the general ledger is £68,000 which is well below expectations. An additional £3600 relates to the Rural Touring Scheme which is not directly related to TAC.
Received surplus (G)	£52,945		£36,000	56,686	Received surplus well ahead of target – shows being booked on advantageous terms.	-
<b>Waste Collection</b>						
Residual household waste collected (G)	-		36kgs	40kgs	Year end 37.32kgs	-

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CPR.07 16/17
Corporate Policy and Resources Committee
12 May 2016

**Subject: Progress and Delivery Report – Projects – 4<sup>th</sup> Period Report – January to March 2016**

Report by:

Director of Resources

Contact Officer:

Ian Knowles – Director of Resources.

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Purpose / Summary:

This report deals with the progress and delivery of projects which are aimed at the delivery of the corporate plan. This report highlights those projects that have entered the delivery stage and are either off track or at risk of not delivering.

**RECOMMENDATION(S):**

- 1) That the Committee examine the report and assure themselves that the arrangements in place to oversee Programme and Project development across the Council are effective.

**IMPLICATIONS**

**Legal:** None arising from this report

**Financial :** FIN23/17 None

**Staffing :** None arising from this report

**Equality and Diversity including Human Rights:** None arising from this report.

**Risk Assessment :** None arising from this report

**Climate Related Risks and Opportunities :** None arising from this report

**Title and Location of any Background Papers used in the preparation of this report:**

**Call in and Urgency:**

**Is the decision one which Rule 14 of the Scrutiny Procedure Rules apply?**

**Yes**

**No**

**Key Decision:**

**Yes**

**No**

## **1.0 Background**

1.1 Councillors have received progress and delivery reports since 2012. The Leadership team has sought to give councillors information on how the council is performing through its services, project delivery and finances. Members are asked to :

- Identify and recognise achievements and success
- Seek assurance on remedial actions where appropriate
- Make recommendations for any changes to policy or request for strategic reviews

1.2 This report is about the projects the council is delivering in order to meet the objectives it has set itself in the corporate plan.

1.3 For clarity and in order to comply with the council's project management requirements only those projects which are in the "delivery stage" will be reported through this mechanism.

1.4 In addition from time to time projects are rescope and their timelines altered during the delivery phase. That can mean that their status can change. Where this happens, when a project was red in a previous progress and delivery report (at significant risk of not delivering either to the timetable or within budget) this will be reported to members through this mechanism, together with an explanation of why the project has been rescope and new time lines set.

## **2.0 Programme/Projects Overview**

2.1 To oversee programme/project development and delivery the Council has established three 'themed' Boards – Transformation; Commercial and Growth. Each Board oversees projects relating to their particular theme and seeks assurance from project managers that where issues are identified rectifications are in place.

2.2 A fourth Board is in existence; The Entrepreneurial Board, which has an overall view of programme/project delivery with each of the three Boards report to it and highlight successes or areas/issues to be addressed. By having an overarching view, the Entrepreneurial Board plays a key role in resource allocation and prioritisation of work.

## **3.0 The Report**

3.1 This report covers the period from January to March 2015. It is a report "by exception" which contains information on those programmes/projects that are current during the reporting period and are at risk of not delivering their outcomes and/or may not be completed within prescribed timescales or costs.

3.2 As requested at the last meeting of Corporate Policy and Resources a full list of projects is attached as appendix A

#### **4.0 Programmes/Projects by Exception**

- 4.1 The following programmes/projects are considered to be at risk of delivery within agreed timescales and/or costs, or the intended outcomes are at risk of being realised. Recommendations and/or rectifications have been offered by the relevant project managers and have been considered by both the respective Board and the Entrepreneurial Board.

##### Fraud Investigation Services - AMBER

Following the creation of the Single Fraud Investigation Service (SFIS) and the subsequent transfer of Housing Benefit investigation responsibilities to the Department for Work and Pensions, many local authorities took the decision to transfer on block their investigatory staffing resource. West Lindsey District Council recognised the need to retain investigatory resource to protect the integrity of its systems and processes and to explore potential commercial opportunities. A new business case has been approved and this project will no longer be amber in future reports.

##### Hemswell Masterplan - Amber

The masterplan is not completed at this time. It is anticipated that a revised completion date of June is achievable. However, capacity to deliver the subsequent action plan continues to be a concern.

#### **5.0 Movement Since the Previous Report**

- 5.1 There is one update on a project that was previously Amber.

##### 5.2 Gainsborough South West Ward Programme - Green

The South West Ward is a priority area and has a number of issues associated with high levels of deprivation. A multi-agency Strategic Groups has been developed to tackle the issues and the causes. Additional resources have been provided to tackle environmental and ASB issues. The partners engaged in this programme are now developing their own tactical plans for the area.

#### **6. Conclusion**

- 6.1 Across the Council there is a significant volume of programme/project associated work underway. The Boards are playing a key role in ensuring that business cases are effectively scrutinised and where projects are initiated progress is maintained. Any potential issues affecting progress or the delivery of projects are assessed and remedial actions are applied.



6.2 From the report provided, Members can be assured that the current position of programme/project development is as stated and that this represents a positive position.

<b>Current list of WLDC projects</b>		
<b>Transformation Board</b>		
Project Name	Project Manager	Stage
CBL Software review	Michelle Howard	1
Define Customer First Ethos	Michelle Carrington	1
Unified Communications and Integrated Solutions	Michelle Carrington	1
Upgrade to SharePoint 2016	Jeannette Anderson	1
Customer Service Centre and JCP Re-configuration	Michelle Carrington	2
Depot Facilities	Ady Selby	2
Development Management Improvement Group (ICT system)	Michelle Carrington	2
Re-organisation of Local Land Charges	Rachael Hughes	2
Social Media Evaluation and Pilots	Michelle Carrington	2
Committee Admin system	Emma Redwood	3
Customer Care Training	Michelle Carrington	3
Implementation of the Records Management Policy	Tom Hamilton	3
Installations of the TVs	Julie Heath	3
Learning Platform	Michelle Thompson	3
New Bank Reconciliation System	Tracey Bircumshaw	3
Replacement CMS	Jeannette Anderson	3
Demand Management and Service Improvements	James O'Shuaghnessy	Currently on hold
<b>Growth Board</b>		
Project Name	Project Manager	Stage
Lea Road School Development	Elaine Poon	1
5-7 Market Place	Sarah Troman	2
Gainsborough Growth and Housing Zone	Eve Fawcett-Moralee	2
Gainsborough Townscape Heritage Initiative	Graeme Moore	2
Hemswell Cliff Masterplan	Marina Di Salvatore	2
Mayflower 400	Karen Whitfield	2
Rural Transport	Grant White	2
Selective Licensing	Andy Gray	2
Skills- Employer Mentoring for Apprentices	Amanda Bouttell	2
Skills- My Helpful Place	Amanda Bouttell	2
Central Lincolnshire Local Plan	Oliver Fytche-Taylor	3
Community Engagement Strategy	Grant White	3
Food and Farming LDO	Marina Di Salvatore	3
Gainsborough and Housing Zone PR and Marketing	Di Krochmal	3
Gainsborough Growth Fund	Marina Di Salvatore	3
Gainsborough Place Marketing	Eve Fawcett-Moralee	3
Gainsborough South West Ward	Eve Fawcett-Moralee	3
Gainsborough Town Centre and Management and Markets	Joanna Walker	3
GIP - Trinity Street	Diane Leslie	3
Housing Strategy	Sarah Troman	3
Riverside Gateway LDO	Elaine Poon	3
Skills- Gainsborough Mentoring	Amanda Bouttell	3
Skills- West Lindsey Employment and Skills Partnership	Amanda Bouttell	3
Upgrade of CCTV	Grant White	3
<b>Commercial Board</b>		
Project Name	Project Manager	Stage
CP-011	Julia Dennis	1
CP-012	Grant White	1
CP1-001	Sarah Troman	2
CP1-002	Angela Matthews	3
CP1-003	Ady Selby	3
CP1-004	Colin Taylor	3
CP1-007	Emma Redwood	2
CP1-008	John Leney	3
CP1-010	Colin Taylor	2
CP3-001	Gary Reeve	1
CP3-003	Nick Ethelstone	1
CP3-004	Sarah Troman	3
CP3-007	Elaine Poon	1
CP4-004	Karen Whitfield	2
CP4-005	Lyn Marlow	3
CP4-006	Sarah Troman	2
CP4-007	Julie Heath	1

## Corporate Policy & Resources Committee Work Plan

### Purpose:

This report provides a summary of reports that are due on the Forward Plan over the next 12 months for the Corporate Policy & Resources Committee.

### Recommendation:

1. That members note the schedule of reports.

Date	Title	Lead Officer	Purpose of the report
12/05/2016	budget monitoring report - period 4 - outturn	Tracey Bircumshaw	to present the outturn position
	Home Working Policy Review - staff policy (introduce new Agile policy)	Emma Redwood	To review the Homeworking Policy
	Policy Review - Travel Policy	Emma Redwood	To review, update and agree the Travel Policy
	progress and Delivery - projects and Services - Period 4	Ian Knowles	monitoring report to present progress made as at the end of the financial year
	treasury management monitoring report - period 4 outturn	Tracey Bircumshaw	monitoring report presenting the outturn position
	Review of Market Operations	Mark Sturgess	options paper to review the future of the market
28/07/2016	Progress & Delivery Period 1	Ian Knowles	To present Progress and Delivery (Projects and Services) monitoring information to the end of Period 1
	Annual Treasury Management	Tracey Bircumshaw	Annual report on the Treasury Management Service and actual prudential indicators 2015-16
	Treasury Management Monitoring Q1	Tracey Bircumshaw	To present the Treasury Management monitoring report for quarter 1
	Budget Monitoring Q1	Tracey Bircumshaw	To present budget monitoring information as at the end of period 1
27/10/2016	Progress and Delivery Period 2	Ian Knowles	To present Progress and Delivery (Projects and Services) monitoring information to the end of Period 2
	Budget Monitoring Q2	Tracey Bircumshaw	To present budget monitoring information as at the end of period 2
	Treasury Management Q2	Tracey Bircumshaw	To present the Treasury Management monitoring report for quarter 2

<b>15/12/2016</b>	<b>Fees and Charges 2017-18</b>	Tracey Bircumshaw	To present the proposed fees and charges for 2017-18
	<b>Local Council Tax Support Scheme</b>	Alison McCulloch	To agree the Local Council Tax Support Scheme for WLDC for 2017-18
	<b>NNDR Write Offs</b>	Alison McCulloch	Exempt report to present irrecoverable NNDR accounts and Benefits overpayments for write off
<b>12/01/2017</b>	<b>Collection Fund Surplus and Council Tax Base</b>	Tracey Bircumshaw	To present the declaration of estimated surplus on the Council's Collection Fund relating to Council Tax at the end of March 2017 and to set out the Council Tax Base calculation for 2017-18
<b>09/02/2017</b>	<b>MTFP</b>	Tracey Bircumshaw	To present the Medium Term Financial Plan
	<b>Corporate Plan</b>	Manjeet Gill	To present the refreshed Corporate Plan
	<b>Progress and Delivery Q3</b>	Ian Knowles	To present Progress and Delivery (Projects and Services) monitoring information to the end of Period 3
	<b>Revenue Base Budgets 2017-18</b>	Tracey Bircumshaw	To present the proposed revenue base budgets for 2017-18
	<b>Budget and Treasury Management Q3</b>	Tracey Bircumshaw	To present the Budget and Treasury Management monitoring report for period 3
<b>13/04/2017</b>	<b>Budget and Treasury Management Monitoring Q4</b>	Tracey Bircumshaw	To present budget monitoring and Treasury Management information as at the end of period 4 and the outturn position
	<b>Progress and Delivery Q4</b>	Ian Knowles	To present Progress and Delivery (Projects and Services) monitoring information to the end of Period 4